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NEWS SUMMARY

GENERAL Newsmen held by RUC in Belfast

Pierre Salinger, former Press secretary to the late President Kennedy, was among overseas journalists arrested at a Provisional Sinn Fein Press conference in West Belfast.

The American Broadcasting Corporation said in London that Salinger and his four-man camera crew had been taken to Castlereagh interrogation centre. The RUC also arrested three Provisional Sinn Fein spokesmen.

In London, Ministers remained hopeful that some progress will be made on Ulster security at today's talks between Mrs. Thatcher and Irish Premier Jack Lynch. Hopes of Progress, Page 9

Tight security for Abbey service More than 5,000 policemen will be involved in the security operation around Westminster Abbey today as political leaders and royalty from 14 countries attend the funeral service for Earl Mountbatten of Burma.

Chile meeting Foreign Secretary Lord Carrington had talks with the Chilean Foreign Minister which could herald the start of moves to restore relations with the South American regime.

UN talks proposal UN secretary general Kurt Waldheim proposed an all-party conference under UN auspices aimed at a comprehensive Middle East peace settlement when he addressed the 254 non-aligned states meeting in Havana.

Controls eased Government proposals to abolish or ease 300 bureaucratic controls over local authorities will be followed by legislation on local authority capital expenditure and statutory duties.

Shipyard sanctions end as £18m orders are announced

BY ALAN PIKE AND LYNTON McLAIN

More than 600 shipbuilding delegates yesterday agreed to lift an overtime ban and other sanctions imposed when British Shipbuilders unveiled restructuring plans for the industry last month.

The move came as British Shipbuilders announced its first orders—since the plans were made public. Ship stewards will be recommending a return to normal working at mass meetings during the next few days, and the indications are that this will be accepted in most yards.

Mr. Charles Scanlon, a Boiler-makers' Society shop steward, said Dundee had been sold down the river and that the launching of two ships at Robb Caledon—a cement carrier for New Zealand and a Polish bulk carrier—would be blocked until British Shipbuilders changed its position.

Mr. Burwood said yesterday that the committee was not prejudging the bid, but would study the figures closely. The main reason for the study was an initial fear that Dalgety might be better off as it is now

than after a merger with Spillers. The committee will almost certainly seek a meeting with the Dalgety board and with Mr. Alfred Singer, who resigned as a non-executive Dalgety director when the bid was announced.

Mr. Singer believes the bid represents too high a risk for Dalgety because of the problems and competition in the flour milling and food retailing sectors, which form the bulk of Spillers business.

Other institutions have expressed similar fears, particularly since Dalgety has no experience of flour retailing and marketing. Those fears have crystallised in the pension fund committee, a vehicle occasion-

EEC 'accepts UK pays too much'

By Margaret Van Hattum in Brussels

A CONFIDENTIAL EEC Commission report has acknowledged for the first time that Britain is paying a disproportionately large share of the EEC budget and that this presents a serious Community problem.

The report, broadly approved by the weekly meeting of EEC commissioners yesterday could represent a big step forward for the UK in its long battle to reduce its share of budget contributions.

The report analyses how the present system of budget financing affects member states and is largely the responsibility of Mr. Christopher Tugendhat, the Budget Commissioner. It is expected to meet stiff opposition from other EEC governments, most of whom have until recently refused to concede that Britain might have a problem.

Next year, it says that Britain, the third poorest country in the EEC, will be paying over 1.5bn units of account (£915m) more into the budget than it gets out of it, against £527m this year.

West Germany, the richest country, will pay about 1.1bn units of account in both years. Britain's deficit, says the reports, is partly due to the method of collecting gross payments, which leaves it paying far more than is warranted by the relative size of its Gross National Product.

But it is equally due to the fact that Britain receives far less than a fair share of EEC expenditure.

Details, Page 3

£ at lower level without aid of Bank

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING stabilised last month at a new lower trading level without requiring any significant intervention from the Bank of England.

This is suggested by the August official reserves figures published yesterday. The total of gold and foreign currency reserves fell by \$194m during the month to \$23.5bn (£10.34bn).

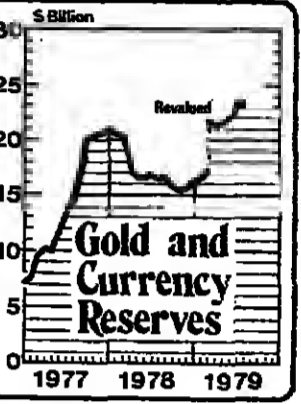
After adjusting for new public sector borrowing and the repayment of debt the underlying fall in the reserves was \$146m, compared with an underlying inflow of \$1.35bn in July.

This is not an exact guide to the scale of official support because of other Government transactions but it suggests that net intervention was fairly small.

The overall level of intervention may have been somewhat larger since the Bank appears to have acted in both directions during the month in order to moderate excessive day to day fluctuations.

The authorities seem to be fairly pleased with what has happened in the last month. Previously, the strong rise in the rate in July—an increase of nearly 6 per cent in the trade-weighted index of the pound's value against a basket of other currencies—had been causing increasing concern about the competitiveness of British goods, while the inflows could have made monetary control difficult.

But after the big shake-out at the end of July, when the pound fell by 6½ cents in a day, the rate fluctuated within a fairly narrow range for most of last month to finish at about opening levels. Sterling has still been more volatile than most other major currencies and this explains the occasional intervention.



Gold and Currency Reserves 1977 1978 1979

The Bank probably provided some small support yesterday after an early fall of more than one cent. Dealers reported selling from the Far East and reported worries about the industrial scene prompted by comments made at the Trades Union Congress.

But demand appeared later and the pound recovered from a low of \$2.2945 to close 90 points down at \$2.2990. This is roughly 3 cents higher than last month's low and 9½ cents lower than the end-July peak.

The trade-weighted index yesterday dropped by 0.4 points to 71.4, against a recent low of 70.5 and a July peak of 74.0. The detailed reserves figures show that new borrowing by public-sector bodies amounted to \$217m last month. Both the National Coal Board and the National Water Council raised money from EEC institutions and the Post Office brought in more money under its New York commercial paper issue.

A total of \$149m was repaid by the public sector and \$125m was repaid under the terms of the Anglo-German offset agreement.

Money Markets, Page 31

Pension funds to study Dalgety bid for Spillers

BY CHRISTINE MOIR

THE NATIONAL Association of Pension Funds has set up a special committee to study the bid by Dalgety for Spillers. The committee, headed by Mr. Gordon Burwood, investment manager of the Airways Pension Fund, holds its first meeting today.

Mr. Burwood said yesterday that the committee was not prejudging the bid, but would study the figures closely. The main reason for the study was an initial fear that Dalgety might be better off as it is now

than after a merger with Spillers. The committee will almost certainly seek a meeting with the Dalgety board and with Mr. Alfred Singer, who resigned as a non-executive Dalgety director when the bid was announced.

Mr. Singer believes the bid represents too high a risk for Dalgety because of the problems and competition in the flour milling and food retailing sectors, which form the bulk of Spillers business.

Other institutions have expressed similar fears, particularly since Dalgety has no experience of flour retailing and marketing. Those fears have crystallised in the pension fund committee, a vehicle occasion-

ally used by the association's Investment Protection Committee to focus members' views on controversial bids.

The outcome of the study could be important for Dalgety, which must under the Take-over Code, seek approval for the bid from its own shareholders. This is because of Spillers' size relative to Dalgety and because the all-share offer—currently worth £68m—involves a substantial share issue.

Dalgety's shareholders are to meet three days after the bid's first closing date, September 21. By then the pension fund committee will have completed its study and circulated members with its views.

East-West Germany energy deal

BY LESLIE COLTIN IN BERLIN

EAST and West Germany have reached a wide-ranging energy agreement under which the East Germans will obtain crude oil and coal from West Germany and will deliver petrol and other refinery products to West Berlin.

The six-year deal, worth at least DM 6bn (£1.46m) underlines East Germany's critical shortage of oil and forms an important new bridge between the countries at a time when relations are strained.

The Soviet Union, East Germany's main energy supplier, has set strict limits on future oil supplies. It receives 18.5m tons of Soviet oil a year, and can expect no more than 2.5 additional tons a year up to 1985. East Germany faces the prospect of buying the extra oil it needs from members of the Organisation of Petroleum Exporting Countries using scarce dollars.

West Berlin is not mentioned by name in the accord which comes under the Interzonal trade agreement regulating commerce between the 'currency areas' of East and West Germany and which includes West Berlin.

West German economics officials note that the oil deal has been achieved in spite of strained political relations between Bonn and East Berlin over harsh new East German laws stipulating higher sentences for East Germans convicted of having dangerous contacts with

westerners. The West Germans believe the agreement may have come about precisely because East Germany is demonstrating to the Soviet Union that it is ready to smother internal dissent in the bud.

In spite of an unusual 1.5 per cent drop in the level of East-West German Trade in the first half of this year, to DM 4.2bn, West German commercial sources see several chances of boosting West German commercial sources to East Germany in coming years.

These are mainly for plant and equipment to 'reconstruct' the East German chemical and steel industries. The West Germans add they are facing intense competition on the projects from other western companies, especially French, Japanese and Italian.

TUC unity threatened

BY CHRISTIAN TYLER, LABOUR EDITOR

THE UNITY of the Trades Union Congress and the TUC's tactics in the campaign against Government economic policy were threatened last night on the eve of today's important economic debate.

The Transport and General Workers' Union decided it would vote in support of a move to toughen the campaign by including mass demonstrations against the Government, unless the sponsors of the move—the Left-wing Furniture, Timber and

Allied Trades Union—were persuaded to withdraw. Many of the TGWU's 84 delegates were anxious not to add to the growing conflict of opinion among the delegates in Blackpool about the TUC's official moderate line. The delegation supported the TUC General Council's instruction to the furniture workers to back down or have their hard-line amendment opposed by the platform.

Continued on Back Page Conference Report, Page 10

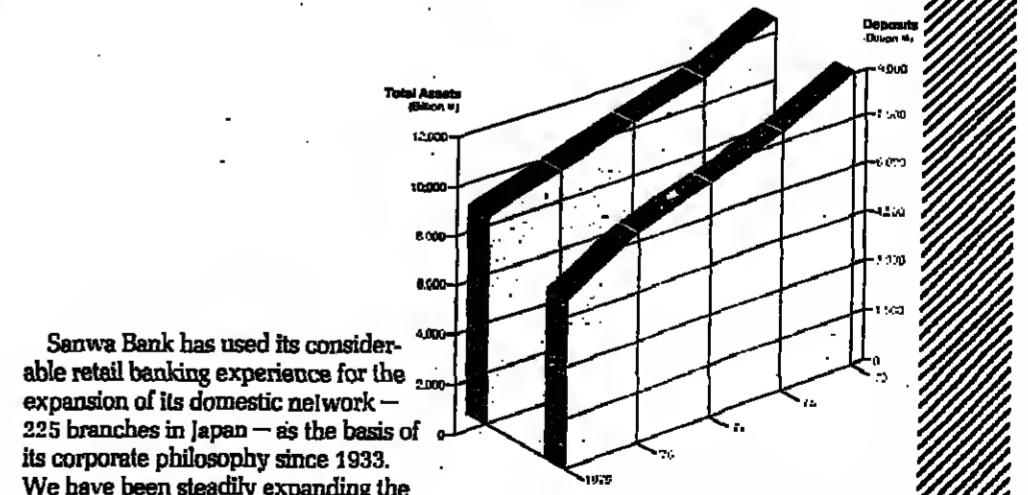
CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes. Includes items like Royal Worcester, Small and Nidams, Sun Butter, Tube Investments, Tunnel B, Vinten, BP, Bertam Cons, Elandsrand, Grosvet, Harbeest, Joburg Cons, Mariveale, UC Investments, Wit Nigel, Brocks, Grimshawe, Reardon Smith A, Style Shoes, and Unicorn.

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EUROPEAN NEWS

Oil consumption up in seven countries OECD report says

PARIS—Oil consumption by seven major countries of the Organisation for Economic Co-operation and Development rose 0.7 per cent in the first half of 1979 over the same period last year, OECD said.

Its monthly report on oil trends reported that European consumption rose 3.4 per cent and that for Japan by 2.8 per cent. But oil use in the U.S. dropped 1.1 per cent.

The seven are the U.S., Japan, France, Germany, Italy, Netherlands and Britain.

Net imports by the seven rose 3.8 per cent over the first half of 1978, when imports were significantly lower than normal because of unusually heavy drawing on stocks.

OECD figures show that total

oil stocks at the end of June were also 3.8 per cent above those of a year ago, with rises in all categories except middle distillates. Stocks of crude rose 8.9 per cent overall and 13.5 per cent in the U.S.

Japan's stocks declined by 1.3 per cent from the end of June 1978, with stocks dropping 7.3 per cent although crude holdings rose 3.2 per cent.

U.S. consumption of petrol fell 2.2 per cent, middle distillates 2.1 per cent and residual fuel 3.8 per cent.

In Japan, however, petrol consumption rose 7.6 per cent and middle distillates 6.4 per cent. In Europe consumption was up 2.4 per cent with residual fuel up 6.8 per cent.

Reuter

Basques protest at 'police brutality'

By Robert Graham in Madrid

AFTER RIOT police had fought running battles last night with Left-wing Nationalists in San Sebastian, a leading Basque politician has protested to the Government over "brutal" police behaviour during the past three days of violence in the city.

St. Carlos Garalicetxea, leader of the moderate Basque Nationalist Party and a head of the Basque General Council, has also asked for a speed-up in the creation of a local police force.

The protest was made in a telegram sent on Monday to Premier Sr. Adolfo Suarez. St. Garalicetxea complained that police behaviour had been "incomprehensibly" brutal.

A youth was shot dead in San Sebastian on Saturday, allegedly by a policeman.

There were eye-witness reports of policemen preventing people, including a Red Cross worker, from trying to help the youth. In addition several Left-wing councillors were badly beaten when police charged them. On Monday another youth was badly injured by shots, also alleged to have been fired by police.

It was the third successive night of clashes in San Sebastian and the three other Basque provincial capitals—Bilbao, Victoria, and Pamplona.

The clashes followed protests over France's withdrawal of political refugee status for Spanish Basque exiles, and coincided with a 24-hour general strike staged as part of the protest. Scores have been arrested.

Police have still failed to provide any details of the shooting or release the name of a policeman being detained in connection with the youth's death. The Government-controlled television has also chosen virtually to ignore the violence, the worst in Basque country for more than a year.

Sr. Garalicetxea's protest appears to be prompted by a fear that the police action may erode support for moderate Basque nationalism and drive people towards militant extremism.

Yesterday the area was reported to be slowly returning to normal.

Swedish parties woo voters with tax cuts

By William Dullforce, Nordic Editor, in Stockholm

IN A late attempt to rally wavering voters before the September 16 general election, the Swedish Centre and Liberal parties have announced a joint programme of income tax cuts and increases in child allowances. Their move came after the latest opinion poll showed that the left-wing parties had moved into the lead.

The joint declaration was welcomed by Mr. Gösta Bohman, leader of the Moderate (Conservative) party, with which the Centre party and Liberals formed Sweden's first non-Socialist coalition Government after their election victory in

1978.

By agreeing on the key tax issue, the Centre and Liberal parties also hope to erase the impression of disarray in the non-Socialist camp which contributed to their poor showing in the opinion poll.

Mr. Thorbjörn Fälldin, leader of the Centre Party, and the Liberal leader, Mr. Ola Ullsten, are both aiming for the premiership, should the election produce a new non-Socialist majority.

They have promised to reduce marginal tax rates on all incomes, with those in the SKr 51,000 to SKr 85,000

(\$5,370-£8,850) a year bracket benefiting most. A marginal tax ceiling of 80-85 per cent would also be introduced.

These cuts would cost the Treasury some SKr 2,400 (£253m) a year. To cover the shortfall and meet the cost of increased child allowances and extended free time for parents with young babies, the two parties propose to raise energy taxes and duties on alcohol and tobacco. Petrol would go up by 25öre a litre.

Spurred by the latest poll indicating he is close to a return to power, Mr. Olof Palme, the Social Democrat

leader, unveiled on Monday his programme for the first 100 days in office.

It included formation of a SKr 4bn industrial development fund with an employee majority on the governing board and a grant of SKr 1bn to the national pensions fund which is authorised to invest in company shares. Planning units, embracing both company leaders and employees, would be set up for the forest, mining, steel and textile industries.

Mr. Palme also promised income tax cuts, including a 10 per cent reduction in local authority taxes.



Mr. Ola Ullsten

Rome's first left-wing mayor to step down

By Rupert Cornwell in Rome

ROME'S FIRST ever non-Christian Democrat mayor, Professor Giulio Carlo Argan, an art historian, is soon to step down after more than three years in the most prestigious, and perhaps most thankless, local government post in Italy.

Prof. Argan took office in August 1976 as an independent elected in Communist (PCI) lists to head the first left-wing Roman administration.

His successor has not yet been designated but is likely to be a full-time Communist politician. The most widely tipped candidate is Sig. Luigi Petronelli, regional secretary for the Communist party in Lazio and a member of the party's national directorate.

Although the 70-year-old mayor has emphasised that the decision has been forced upon him by poor health, his replacement by a senior Communist figure would imply a significant change of approach by the party.

The failure of PCI-led local administrations in cities like Rome, Naples and Turin to live up to reformist expectations undoubtedly contributed to the general disillusion which saw the party lose ground in June's general election.



Professor Carlo Giulio Argan

Prof. Argan has forged good relations with the Vatican and waged battle against the building speculation which has disfigured whole areas of Rome.

But the capital's chronic problems— inadequate public services, disastrous finances, and a severe housing shortage—remain, while crime and terrorism have steadily increased.

METIN MUNIR REPORTS FROM ISTANBUL ON HOTEL GROUP'S WITHDRAWAL

Troubles ahead for Turkish tourism

THE YELLOW and red Marxist banners hung by striking workers at the entrance to the luxury Intercontinental Hotel in the centre of Istanbul have begun to fade.

It is 75 days since the strike started, and the union appears determined to continue the dispute for 75 weeks if necessary. But it is unlikely to win.

The American Intercontinental Hotels Corporation, which ran the hotel, has decided to withdraw from Turkey. It has already given notice to its workers and cancelled its lease agreement with the hotel owners. Istanbul Turizm ve Otellik AS, which is 80 per cent owned by the Ottoman Bank.

Withdrawal of Intercontinental, one of the largest international hotel chains in the

world, represents a setback for the Turkish tourist industry which has been a non-success story throughout. It underlines the bleak prospects for Turkish tourism in particular and the Turkish economy in general in efforts to attract foreign capital investment.

"You can call it a vote of no confidence," said an Istanbul hotelier. "Which hotel company will want to come to a country where one of the biggest chains has pulled out?"

Intercontinental opened its only hotel in Turkey in May, 1976, under a 20-year lease. Profits were to be shared on the basis of 80 per cent to the company which owned the hotel and 20 per cent to Intercontinental, which would bear all operational costs.

Earlier this year, Intercontinental indicated that it was not pleased with this agreement. It asked for a revision of the contract, proposing that it should manage the hotel for a fee, while the owners should receive any profit or shoulder any loss. The hotel owners did not agree. Last month Intercontinental cancelled the lease agreement and announced that it was leaving.

According to the owners, Intercontinental claimed that "causes beyond its control seriously restricted it in its operation of the hotel as contemplated in the lease." These causes included rampant inflation, political terrorism, labour unrest, martial law, and the country's foreign exchange shortage, which created a scarcity of imported hotel supplies.

Intercontinental, which has been taciturn on the reasons which caused it to leave, may find the actual departure difficult.

The union, Oleyis, which belongs to the Marxist Disk, the Confederation of Revolutionary Trade Unions, said that it would sue the hotel.

"According to Turkish law," said a union spokesman, "workplaces cannot be shut down and workers laid off until strikes or lockouts are over. We will take legal action against the Intercontinental."

Action is also being contemplated by the owners, who consider the termination of the lease unjustified and who will resort to international arbitration first and if this fails will sue for damages.

However, legal issues are

likely to pale into insignificance in view of the overall implications for Turkey of the intercontinental move.

Mr. Bulent Ecevit, the Prime Minister, has been planning to attract foreign capital into tourism, which has a vast undeveloped potential, by giving foreigners 100 per cent of equity. This was to have been part of a new drive, which appears to have mysteriously lost impetus, to attract foreign investments.

Reports that a Swiss hotel management company is planning to leave Ankara and that another concern in Antalya is to sell its shares has not helped.

There has been a decline in the number of tourists to Turkey. In the first half of this year arrivals totalled 650,000, 80,000 fewer than last year.

Finns restart nuclear plant

By Lance Keyworth in Helsinki

THE FINNISH nuclear power station, Olkiluoto I, has started up again after a shut-down on August 29 because of a radioactive water leak.

After inspecting the fault and other parts of the reactor, the Finnish Institute of Radiation Protection pronounced the reactor safe. The fault occurred in the cooling system through a misinterpretation of the designer's operating instructions. As a result, hot and cold water alternately were led through a pipe which finally burst.

Kreisky plans to reshuffle Austrian cabinet

By Paul Lendvai in Vienna

ONE OF Austria's most influential union leaders, Herr Karl Sekanina, 53-year-old head of the metalworkers' union, is expected to take over as Minister of Construction in the autumn, according to Chancellor Bruno Kreisky. The present Minister, Herr Josef Moser, is due to retire.

Dr. Kreisky also hinted in a newspaper interview yesterday that Dr. Ingrid Leodolter, the controversial Minister of Health, will be dropped from the Cabinet.

Also likely to go are two

State Secretaries, Miss Elfriede Karl in the Federal Chancery and Mr. A. Schober in the Ministry of Agriculture.

The reshuffle will be formally carried out only after the series of forthcoming provincial elections in Upper Austria, the Tyrol, Carinthia and Vorarlberg.

Dr. Herbert Salcher, socialist leader in the province of Tyrol, is a strong contender to be the new Minister of Health.

The 41-year-old Finance Minister, Dr. Hannes Androsch, is certain to remain the number

two in the Government as Vice-Chancellor. But his chances of succeeding the 68-year-old Chancellor are regarded as slim since he is no longer the only front-runner.

The able and even younger Socialist Chief Whip, Dr. Heinz Fischer, has emerged as a key figure in the party, and the popular mayor of Vienna, Herr Leopold Gratz, is also regarded as a strong contender.

Most important of all, Dr. Kreisky made it clear recently that he is in very good health and is determined to serve his


full four-year term until 1983. Meanwhile, the Government yesterday announced plans to cut subsidies for private savings and farmers, and to promote energy conservation through a variety of taxation and other measures. The budget deficit will also be cut through higher social security contributions and a projected rise in service charges.

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EUROPEAN NEWS

W. Germans take firm stand on defence

BY JONATHAN CARR IN BONN

WEST GERMANY has produced its strongest official answer so far to critics suggesting that the government may be flirting too much with the Communist East.

The document stresses that Warsaw Pact armed forces are mainly geared to attack, notes that the West has no precise equivalent at present to Soviet medium-range nuclear missiles, and devotes attention to Communist military infiltration in the Third World.

Some passages in the Paper, which has been passed by the Cabinet, appear to be a specific rebuttal to those in the German Social Democrat Party (SPD), who consider the Soviet military effort to be primarily defensive.

As such, it will serve as a boost for Herr Apel when he talks on September 30 with Mr. Harold Brown, U.S. Defence Minister, and Mr. Zbigniew Brzezinski, the U.S. Security Affairs Adviser.

U.S. officials, among others, have sometimes been concerned at the apparent reserve shown towards NATO by some members of Chancellor Helmut Schmidt's ruling SPD. The Bonn Opposition has also, in the past few days, criticised what it has termed the "conspicuous reserve" of the Government Coalition in assessing the East-West military imbalance.

Britain's case on EEC budget takes a major step forward

BY MARGARET VAN HATTEN IN BRUSSELS

THE EEC Commission's report on the problems of financing the Community budget represents an important step forward for the British Government in its fight to reduce what it has long argued is a disproportionately large net contribution.

Although the paper is likely to be modified before being passed on to EEC governments, the broad outlines are expected to stand, and to form the basis for proposals to the next EEC summit, in Dublin in November.

The paper is a landmark in that it shows the Commission for the first time endorsing the UK Government's arguments on the following points:

● The fact that next year Britain, the EEC's third poorest member, will pay a net sum of 1.6bn units of account (2915m) into the budget, far more than any other member, indicates a serious problem.

● The distortion is largely due to the heavy concentration of EEC spending on agriculture, from which Britain receives little.

● The so-called "financial mechanism" introduced to compensate EEC members considered to be paying a disproportionate share of the budget, has not been effective.

● However, the report is only a first step and will not necessarily lead to the sweeping changes the UK Government is seeking. It was drawn up on instructions from the EEC summit in Strasbourg last June when heads of state called on the Commission to prepare an analysis of the financial consequences for member states of the present budgetary system.

This analysis, according to the summit instructions, will be referred to EEC Finance Ministers meeting in Brussels on September 17. In the light of their discussions, the Commission will present proposals to the Dublin summit.

Moreover, Italy is expected to receive more from the budget than was shown in previous calculations. This is partly because more of the farm budget is being directed towards Mediterranean agriculture, partly because Italy is drawing more heavily than before on the Community's regional and social funds and partly because of the interest rebates it will pick up under the European monetary system.

● Britain may also have lost its sole ally, Italy, in the struggle to change the present system. One of the surprise findings of the report is that Britain is the only country with a major problem.

● Though the Italians had considered themselves to be doing almost as badly as the British, the report shows that in fact they are doing rather well and in 1980 will gain, on balance, around 870m units of account from the budget.

This, says the report, is partly due to a change in the system of budget financing introduced this year, whereby part of a country's gross contributions are no longer calculated on the basis of GNP, but are drawn from a country's VAT payments. Each country pays about 0.8 per cent of these into the budget. Under this system, Italy pays substantially less into the budget than under the old system.

● The agreement, signed in East Berlin by Herr Kurt Nier, the Deputy Foreign Minister, and Mr. David Bolen, the U.S. ambassador, will give American officials automatic access to U.S. citizens arrested by East German police or in other difficulties with Communist authorities here.

● Negotiations over the accord were stalled by East Berlin's original demand that the U.S. recognise an East German nationality.

Secondly, the existing financial mechanism designed to compensate for over-large contributions has not helped because, thanks to North Sea oil, Britain's balance of payments position has never been bad enough to make it eligible.

U.S. and E. Germany sign consular pact

EAST BERLIN—The United States and East Germany signed a consular agreement yesterday after nearly two years of negotiations, the official ADN news agency reported.

The agreement, signed in East Berlin by Herr Kurt Nier, the Deputy Foreign Minister, and Mr. David Bolen, the U.S. ambassador, will give American officials automatic access to U.S. citizens arrested by East German police or in other difficulties with Communist authorities here.

Negotiations over the accord were stalled by East Berlin's original demand that the U.S. recognise an East German nationality.

Prospects for conflict in Third World

By James Burton

THE INTERNATIONAL Institute for Strategic Studies sees a "startling military build-up in Third World countries, with alarming prospects for conflict," Dr. Christopher Bertram, the institute's director, said yesterday.

The institute reports that, as military equipment orders are fulfilled, military capabilities are rising and there is no reduction in the rate at which new orders are being placed, nor in the sophistication of what is being ordered. Developing countries are also expanding their capacity to produce equipment under licence.

In The Military Balance 1979-1980, the institute enumerates the steady build-up of forces in the Middle East, particularly among Arab states not directly confronting Israel, such as Libya, Iraq and Algeria.

Since the Military Balance went to press, the institute has received reports that both Syria and Iraq have taken delivery of Soviet T72 tanks, the most modern in the Soviet Union's arsenal. This tank is believed to be superior to Israel's best tank, the U.S.-made M60. Syria has received 60 and Iraq an unknown number, the institute says. There have also been reports that T72s were on display in Libya at the weekend.

In the Middle East Iraq has increased its army by 10,000 men to 190,000 and has ordered large quantities of arms from France, including the AMX-30 tank. Libya, the institute says, continues to acquire more arms than it can man. Some 12 Soviet-made TU-22 Blinder bombers were delivered during the year as well as MiG-24 assault helicopters.

Algeria has taken delivery of Soviet T54/55 tanks, and SU-26, Saudi Arabia has placed a big order for French equipment. Egyptian forces, on the other hand, are having difficulty maintaining Soviet-made equipment and have suffered as a result of the peace treaty with Israel.

The institute's report shows that Ethiopia has the largest and most lavishly equipped forces in sub-Saharan Africa, thanks largely to Soviet supplies during the 1977-78 war against Somalia. Ethiopia has armed forces totalling 221,600 (including 150,000 militia) and there are 16,17,000 Cuban troops and 300 Warsaw pact advisers and technicians. Ethiopia has 680 tanks of different kinds and 100 combat aircraft.

Nigeria, on the other hand, has cut its forces from 221,000 to 160,000 men. In Asia, the institute reports a substantially increased military capability in many countries, though China has been slow to place orders with the West. The institute has reassessed North Korea as having a much larger army than it had previously supposed—some 560,000 to 600,000 men compared with the 1978 assessment of 440,000. The number of tanks held may be higher. The institute says this may have influenced the U.S. decision not to withdraw all its troops from South Korea, after all.

In Latin America, Cuba is continuing to receive modern Soviet aircraft and has increased its army from 190,000 to 180,000. It appears to have withdrawn between 3,000 and 5,000 men from Angola, bringing the number of troops stationed there down to 28,000.

Improvement in Soviet missiles 'threatens U.S. deterrent'

BY DAVID TONGE

THE SOVIET UNION has dramatically improved the accuracy of its strategic missile systems, which now present a growing threat to U.S. land-based missiles. This and the present superiority of the Warsaw Pact countries' nuclear forces in Europe are stressed in the latest annual report of the International Institute for Strategic Studies, published today.

The report describes the Soviet Union as modernising its strategic forces at an impressive pace. It outlines how in the past year at least 230 new intercontinental ballistic missiles (ICBMs) (SS-17, SS-18 and SS-19) have been introduced. These new weapons carry greater numbers of warheads than the missiles of the previous generation.

A continuation of this trend will create a "theoretical vulnerability of U.S. land-based (missile) systems by the mid-1980s which greater hardening cannot redress," the institute said yesterday. It added that, given the time lag involved in producing and deploying new Strategic Arms Limitation Treaty, it will be eight to ten years before the U.S. can restore



THE MILITARY BALANCE

Where submarine forces are concerned, the Soviet fleet has increased the number of its modern large nuclear missile submarines. The U.S. Trident programme has been subject to delays in the production of the new Ohio-class boats, but the improved C-4 Trident missile is about to be fitted to the Poseidon force—enlarging the sea areas in which U.S. ballistic missile submarines can operate by a factor of 20.

Turning to theatre nuclear forces, the institute finds that the Warsaw Pact has a considerable advantage in the number of weapons, but that there is virtual parity in the effectiveness of deliverable warheads likely to be deployed in a European conflict. It bases its analysis on an assessment of the survivability, assurance of penetration and flexibility of both sides' forces.

It warns that continuing Soviet deployment of the SS-20 could tip the balance against NATO, that other Soviet ballistic missiles are coming into service and that the present parity depends on including a number of Poseidon-based missiles allocated to the defence of West Europe.

The report emphasises the degree of invulnerability to its land-based nuclear deterrent forces.

Dr. Christopher Bertram, director of the institute, suggested that it was the prospect of this "window of opportunity"—when the USSR could attack the U.S. and expect to destroy all the land-based forces which might be used in a second strike—which had led Dr. Henry Kissinger, the former U.S. Secretary of State, to speak out at the weekend.

However, the institute also stresses that the development of air-launched cruise missiles in the U.S. continues, as does the modernisation of the B-52G/H strategic bombers.

growing Soviet ability to project its power in far corners of the world and the institute says that there are reports that the USSR is building a third large aircraft carrier and a new 20,000-30,000 ton nuclear powered cruiser. But in Europe it concludes that despite the rise in Soviet manpower while the West has problems with recruitment, "the overall balance continues to make military aggression unattractive."

In Northern and Central Europe, NATO has the equivalent of 27 divisions available without mobilisation, while the Warsaw Pact has 47 divisions. The tank balance is 7,000 to 20,500, while the Warsaw Pact is also far ahead in conventional artillery and tactical aircraft.

In Southern Europe NATO has 37 divisions compared with the Warsaw Pact's 21, but is behind on tanks (4,000 to 6,700), in conventional artillery and tactical aircraft. However, in both spheres, NATO has slightly larger fighter/ground-attack forces.

\*The Military Balance 1979-1980, published by the International Institute for Strategic Studies, price £4.

Vital role of U.S. nuclear deterrent to Europe defence

BY OUR BONN STAFF

THE WEST GERMAN Defence White Paper, released yesterday, underlines that the United States nuclear deterrent is irreplaceable by Europe. It also confirms that Warsaw Pact forces are mainly geared to a strategy of attack, and notes that Soviet medium-range nuclear potential has no precise counterbalance in the Western Alliance.

It includes the latest Bundeswehr—Federal armed forces—figures on troop levels and defence expenditure.

On the U.S. nuclear deterrent the White Paper, already passed by the Bonn Cabinet, specifically says that even if Western Europe were to achieve political unity, the nuclear protective function of the United States would still be indispensable. Quite apart from that, nothing could be further from the aim of the Federal Government than to create a European nuclear force.

Of French nuclear forces the White Paper says simply that "they contribute to deterrence."

The White Paper, nearly 300 pages long, stresses the need for further East-West detente efforts, saying that it is accepted that there is a common interest to maintain and secure peace. However, it also says that exercises carried out by the Warsaw Pact show clearly that command, control and training are mainly geared to attack. It notes that the main battle tank ratio between the North Atlantic Treaty Organisation and the Warsaw Pact in central Europe is roughly one to three—a fact which it says is no less important in the political than in the military sphere, since it creates distrust.

It stresses that the Soviet nuclear medium-range potential is such that the West could only offset it "by resorting to the overall deterrence spectrum" (taken to mean that US intercontinental weaponry would have to be employed).

The White Paper devotes attention to Communist arms exports and military assistance to the Third World, saying that a total of 45,000 communist military personnel have been deployed in this manner. It also stresses that the total development aid of the Warsaw Pact countries amounted to \$730m in 1977, about one half of West Germany's public development aid alone.

In central Europe, the Bundeswehr now provides one half of NATO's land forces, one half of its ground-based air defence resources, 30 per cent of the combat aircraft and, in the Baltic, 70 per cent of the naval forces. The Bundeswehr comprises a total of 495,000 servicemen.

Surveying the decade, 1969-79, it is noted that the army received new equipment valued at more than DM 27bn (\$8,830m). Army procurement projects already approved by the Bundestag will cost another DM 15bn to the mid-1980s. In the same 10-year period, the Air Force received DM 17bn worth of new equipment and the Navy more than DM 10bn worth.

The 1979 budget estimates provide for DM 45.4bn in defence expenditure, an increase of 3 per cent in real terms. Herr Hans Apel, the Defence Minister, made clear that a real increase of 3 per cent could not be expected for 1980 too, a year of general budgetary consolidation. But he indicated his belief that the German defence spending effort measured up well to that of its NATO partners.

"When I use Lufthansa on my business trips the work starts after I've landed and not before."  
"When I use Lufthansa for a holiday flight, the holiday starts on board."

These are authentic passenger statements.



Peugeot plans short contracts for workers

PARIS—Automobiles Peugeot, one of France's biggest car makers, has told the workers' committee at its Sochaux plant, outside Paris, that henceforth when it takes on workers they will be given short-term renewable contracts of between six and 12 months.

The company said the decision, which will affect only shop-floor workers, was in part a precaution against a downturn on the market.

Peugeot said that the short-term contracts would allow the company to reduce its workforce more easily if it is forced to cut production.

Referring to the measures envisaged by the Government which will make the life of French car owners more difficult, the company said: "There is a whole series of external factors which are tending to make us prudent."

Dissident Polish political party to publish paper

WARSAW—A dissident political party seeking to recover Polish "independence" hopes to produce a weekly newspaper with a print-run of 100,000 copies by next spring.

Mr. Leszek Moczulski, of the Confederation of Independent Poland (KPN) told Western correspondents that this was one of the group's ambitions.

The formation of the party, described as the first independent political movement to function in Communist Poland for more than 30 years, was announced at a weekend rally attended by 3,000 people.

A party statement said its aim was an independent and democratic republic which could only be achieved by removal of Soviet domination through consolidating the power of the PZPR (the ruling Polish Communist Party).

Other dissident groups have dissociated themselves from the party, and even some of Mr. Moczulski's younger supporters.

Mr. Maczulski said about 40 people linked with the party, including himself, were detained by police shortly before the KPN's formation was announced on Warsaw's Victory Square last Saturday. They had since been released but several other people had been detained.

He said the ruling body of the KPN was a provisional political council. He declined to name its members. A founding document of the party was signed by 31 people.

The council's task is to prepare the first congress of the party, which would elect a chairman. Mr. Moczulski, who is seen by dissidents in Poland as already the party's de facto leader, would not say when the congress would take place.

Mr. Moczulski named two representatives of the KPN abroad—Macedaj Petrag-Bielenski in London and Ryszard Fryga in Canada. Their activities would include fund-raising, he said.

OVERSEAS NEWS

No change for Nigeria's economy

BY MARK WEBSTER IN LAGOS

ALHAJI SHEHU SHAGARI, Nigeria's President-elect, has indicated that he intends to continue the economic line of the present military government. There will be no major changes in economic policy before the 1980-81 budget, to be unveiled next March.

Shehu did not have enough votes in the ballot to warrant his nomination in the first round. The three men, Chief Obafemi Awolowo, Dr. Nnamdi Azikiwe and Alhaji Waziri Ibrahim, want the election to go in an electoral college for a decision.



Alhaji Shehu Shagari

Immediately will solve his problem. What will do is to encourage inflation. We are going to examine the situation and see what we can do without aggravating inflation.

rents. Cheaper food could only be provided through increased output by the country's own agricultural sector. But the Government would try to legislate soon to encourage better transport and lower rents.

Sadat makes third trip to Israel

BY DAVID LENNON IN HAIFA

PRESIDENT Anwar Sadat of Egypt declared that he was determined to spread the umbrella of peace to include the Palestinian people, when he arrived in Haifa yesterday for his third visit to Israel.

the substance of the discussions about Palestinian autonomy in the occupied West Bank and Gaza Strip.

Heifa from Alexandria aboard his yacht, Al Hourriyeh (Freedom), which formerly belonged to King Farouk. He was greeted at Haifa, Israel's largest port, by President Yitzhak Navon, as well as by Mr. Begin.

Russians deny arming Kurd rebels

By Andrew Whitley

THE SOVIET UNION yesterday denied as "absolutely groundless" reports that Soviet military aircraft had secretly dropped weapons and supplies to Kurdish rebels in north-western Iraq.

India's growth rate set to fall

BY K. K. SHARMA IN NEW DELHI

A FALL in national income now seems certain in the financial year 1979-80 in India, sharply reversing the growth rate of nearly 5 per cent over the past four years.

country, the summer crop is certain to be substantially less than last year's record of about 74m tonnes of food grain.

In production in April-June, mainly because of rail bottlenecks which have compelled many consumers to use expensive road transport.

AMERICAN NEWS

Spanish rebuke for Castro over NATO

By Robert Graham in Madrid

THE SPANISH Government yesterday sharply rebuked President Fidel Castro of Cuba for interfering in Spanish internal affairs with his remarks made on Monday at the opening of the non-aligned summit.

Soviets use military force for diplomacy, study says

BY DAVID BUCHAN IN WASHINGTON

THE SOVIET UNION has used its growing military power effectively and with subtlety for political and diplomatic ends in developing countries, according to a study prepared by staff of the Brookings Institution for the U.S. Defense Department.

The Senate Foreign Relations Committee met yesterday for a secret intelligence briefing on the Russian presence in Cuba, the Russian State Department which, the State Department last week publicly disclosed.

growth in the Soviet nuclear arsenal, relative to the U.S., has increased Moscow's willingness to use its conventional forces in regional conflicts.

Consumer confidence still falling

BY JOHN WYLES IN NEW YORK

CONSUMER CONFIDENCE in the U.S. "is unmistakably at recession levels" according to the Conference Board, the business research organisation.

sentiment had recovered six points, from July to stand at 97.3.

Consumer economics at the Conference Board, the Commerce Department, meanwhile, has questioned the reliability of another much-publicised pointer to economic trends, the Government's Index of Leading Economic Indicators.

Brazil increases petrol prices

BY DIANA SMITH IN BRASILIA

BRASILIA'S National Energy Council is raising the prices of low octane and high octane gasoline (80 per cent petrol and 20 per cent alcohol) by 40.7 per cent and 47 per cent respectively on September 6.

with low octane selling for Cr 6.40 a litre, Brazil's trade deficit in the first seven months of this year was \$944m, with oil imports costing \$3.18bn, threatening an annual deficit of \$1.6bn.

sporadic cruzairn devaluations but also to discourage wastage. Brazil's industry squanders an estimated 50 per cent of the fuel oil it consumes, while badly maintained boilers or engines cause similar wastage of petrol and diesel oil.

Kim Fuad looks at the Venezuelan oil industry and at the career of one of its most influential ministers

'Architect of OPEC' dies at 75

DR. JUAN PABLO PREZ ALFONZO, former Venezuelan Minister of Mines, who died in Washington this week, aged 75, was known as the architect of the Organisation of Petroleum Exporting Countries (OPEC).

Dr. Perez Alfonso's revolutionary policies had a strong impact on international oil affairs in the 1940s and 1960s, sharply altering relations between the producing countries and the major oil companies.

IN THE four years since Venezuela's nationalisation of its oil industry in 1975 the country has managed to avoid the pitfalls generally associated with the nationalisation of foreign industry in developing countries, while producing over \$70m in state revenues.

Gen. Rafael Alfonso Ravard... ratified for two years.



Gen. Rafael Alfonso Ravard... ratified for two years.

Gen. Alfonso accomplished the complicated task of consolidating 14 different foreign-owned companies into four fully-integrated operating units with barely a hitch. At the same time, Petroleos planners have drafted a 10-year expansion programme aimed at reversing the slowdown that foreign companies carried out during the final phase of their 60 years of activities here.

12bn barrels of probable reserves in new areas, and a minimum of 70bn in the Orinoco belt, giving the country a possible 130bn barrels of recoverable oil.

Petroleos has allocated close to \$25bn for investments over the next decade.

INFLATION THREATENS FILIPINO STABILITY. DANIEL NELSON REPORTS

Marcos prepares for an anniversary

THIS STORY says that President Ferdinand Marcos of the Philippines, charmed by a would-be assassin by rising from his desk in Malacañang Palace, putting his arm around the visitor and asking a series of intimate questions about his family.

Against this, the Philippines now has a more diversified energy programme an dits own oil industry. Production stands at some 40,000 barrels a day, and will certainly grow. For President Marcos's regime development of oil would also represent a positive achievement at a time when his Government is running out of political steam.

Mrs. Imelda Marcos for a basilica costing 100m pesos (\$6m) suggesting instead that the money should be spent on "low-cost housing and or a fully-equipped hospital for the poor in the area."

Cardinal Jaime Sin's emergence as an opposition focal point is ironic. He is regarded as too mild by the radical Catholic priests, who continue to be a thorn in the Government's side, but against whom the regime must tread warily in view of the pope's visit at the end of the year.

But as he prepares to celebrate the seventh anniversary of the imposition of martial law on September 21, the President faces a crisis which these advantages alone will not be enough to resolve.

Cardinal Jaime Sin, the Archbishop of Manila, left, has called for an end to martial law and for elections in which President Ferdinand Marcos would not run. The Archbishop said in a radio interview yesterday: "In every coffee shop, in every corner of the city every day, there is talk of civil war. There is a sense of unrest growing, but could not sanction violence, for if he did, civil war would break out within a week. The people did not trust the politicians, feared the military, and had no faith in the courts, he said. He also claimed there was unrest in the armed forces, and that corruption was worse now than before martial law.

Cardinal Jaime Sin, the Archbishop of Manila, left, has called for an end to martial law and for elections in which President Ferdinand Marcos would not run. The Archbishop said in a radio interview yesterday: "In every coffee shop, in every corner of the city every day, there is talk of civil war. There is a sense of unrest growing, but could not sanction violence, for if he did, civil war would break out within a week. The people did not trust the politicians, feared the military, and had no faith in the courts, he said. He also claimed there was unrest in the armed forces, and that corruption was worse now than before martial law.

When he retired from public life in 1968, Dr. Perez Alfonso was sharply critical of the organisation, complaining that its members had paid little more than lip service to his central goal of regulating world oil production to administer limited reserves in view of unlimited demand.

At the same time the Government lifted price controls on a long list of commodities ranging from cooking oil to cement. From the point of view of the manufacturers the move was long overdue, but the overall result was a hefty rise in prices which triggered demands for wage increases by a workforce whose purchasing power has been eroded over the past five years.

Fears of Balkanisation. Page 23 stipulating that debt principal and interest payments must not exceed 20 per cent of the previous year's foreign exchange receipts.

Jaime Sin, the Archbishop of Manila, who said he was worried about the Presidential succession issue, and observed: "The people are angry. It would be a betrayal on my part not to speak out for what the people are thinking." He subsequently told a group of businessmen that nuns and priests had helped to avert civil war by voicing the grievances of the people.

For the moment, there is little to suggest that President Marcos's juggling will falter. It is more a question of whether the crowd will tire of the show.

The war that never ends

Wo British are a peaceful people. When a war is over we like to consign it to the history books - and forget it.

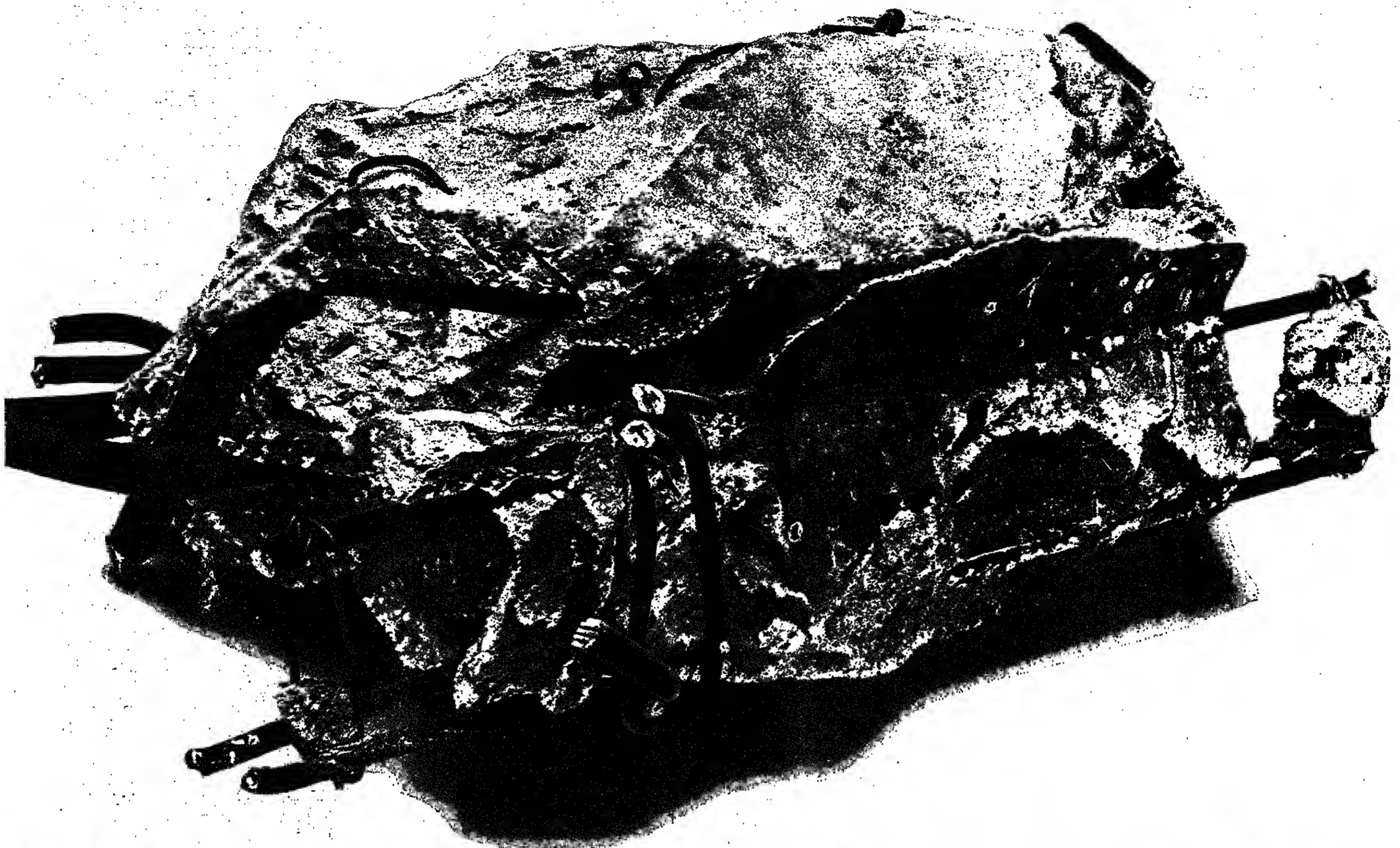
But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten: the widows, the orphans and the children - for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government can do.

The Army Benevolent Fund for soldiers, ex-soldiers and their families in distress Dept. FT, Duke of York's HQ, London SW3 4SP

هكذا اننا كل

هكذا من الذا حل



# World War II relic reveals its secrets.

35 years after the war, the pounding goes on. That's the story of this piece of concrete. It is a fragment of a Mulberry Harbour Unit, built by Taylor Woodrow during the war and towed across the channel to aid the Normandy landings. Broken up by the sea, it's been pounded, day in and day out ever since by channel waves.

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We've designed and built concrete canoes to racing standard.

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WORLD TRADE NEWS

W. German exports to Arab countries increase

BY GUY HAWTIN IN FRANKFURT

WEST GERMAN exports to the Arab states of the Middle East has shown an 8 per cent growth in the first half of the year, and despite the steep rise in oil prices, the Federal Republic is still maintaining a small surplus in its trade with the Arab states.

slightly—from 5.5 per cent during the first half of 1978 to 5.4 per cent during the comparable period of the current year. In contrast imports from Arab countries as a proportion of overall West German imports increased during the same period, rising from 5.4 per cent to 5.9 per cent. In doing so this reduced trade surplus in West Germany's favour from DM 1.2bn. to a DM 220.2m.

tonnes as a result of West German stockpiling. The main increase in oil imports came from Saudi Arabia, whose shipments to West Germany went up 2.1m tonnes. Imports from Iraq rose by 1m tonnes, while those from Kuwait increased by about 700,000 tonnes. Saudi Arabia, whose first-quarter oil earnings from West Germany amounted to DM 2.2bn, remains West Germany's largest Arab oil supplier. Meanwhile, the West German Near and Middle East Association has quantified the decline in the country's formerly massive trade with Iran. During the first six months of this year exports dropped by more than 60 per cent from DM 3.19bn during the first half of 1978 to DM 1.16bn.

Orders for new EMI scanner top £22m

By Christine Moir

ORDERS FOR the latest generation of EMI's body scanners, the 7070 series, have now topped the £22m mark. The company announced yesterday that the first production models of the new 7070 system are to be delivered to hospitals this month and that a further 16 have been ordered for North America, Japan and Europe. In total more than 50 units have already been ordered in advance.

The 7070 is a fourth generation body scanner which provides clinical pictures of a much greater definition and clarity than has been possible previously with fast scan machines.

There have been delays in the 7070 development programmes but according to Mr. Roger Brooke, the new managing director of EMI, the programmes are now to be accelerated. The recent upsurge in orders has been encouraging, he said.

Meanwhile EMI is hoping to be able to make an announcement about its proposed deal with Gulf and Western of the U.S. on the music business by the middle of the month.

Detailed documents concerning the deal were sent to Paramount at the end of last week, according to a spokesman for EMI. The delivery meant that the deal was progressing on schedule.

In New York yesterday a spokesman for Paramount confirmed that the documents had been received and would probably take the better part of a fortnight to study. After that there would be detailed bargaining between the two boards, he said. "But everything is proceeding in an orderly fashion."

Sudan to ease exchange controls

BY ALAN DARBY IN KHARTOUM

SUDAN. In the throes of a serious economic crisis, is to lift many of the controls on the flow of foreign exchange which have crippled efficiency and hampered the inflow of foreign currency remittances from Sudanese working abroad.

The aim of the policy, to be implemented by the new Minister of Finance in the wake of a number of strikes and disturbances last month, is to stimulate production, allow a freer flow of vitally needed imports as well as exports and stimulate an inflow of capital. It involves dismantling a set of controls operated by an unwieldy bureaucracy which has induced many capable Sudanese to seek their fortunes abroad.

Up to now major exports have been oil, industrial plants earning foreign exchange through exports have not been able to use it to buy raw materials and spare parts, while the country has not enjoyed the full benefit of remittances from states of Arabia and in Libya.

The result has been severe balance of payments problems and high inflation unofficially estimated at over 50 per cent a year. Mr. Badraltne Suleiman, the Finance Minister, has told the Financial Times that in the next

two weeks the Government will establish a free parallel currency market, end the existing complex system of multiple parties and party incentives, and permit Sudanese and foreigners to open foreign currency bank accounts at Sudanese banks, on which the banks will be allowed to pay interest at international rates.

It will also abolish the so-called "all value" system under which imports are bought with offshore funds and sold for local currency at black market prices, thus bringing in essential consumer goods and causing inflation, while productive concerns are starved of foreign currency.

Exports of many kinds of goods and services in non-traditional fields will be allowed to retain 75 per cent of their foreign currency earnings. Part of the aim is to encourage Sudanese construction companies to compete for contracts in the Gulf states and Saudi Arabia.

Controls on the repatriation of foreign investments are to be removed entirely to attract capital from Sudanese abroad and from Arab and Western investors. Mr. Suleiman described the existing tight government con-

trol over almost every aspect of Sudan's economy as "feeters which bind the potential of everybody." This potential must now be released, he said.

"It is unthinkable," he said, "that the Gezira cotton scheme, the largest farm in the world, should be strangled for want of £1m in foreign currency to buy spare parts for agriculture, irrigation and other equipment."

Under the present system, the public sector, which is responsible for about 60 per cent of production, had been "condemned to death," he said. The Government corporations had not been given foreign currency to import equipment and materials, and, because they were part of the Government, they had been unable to turn to the black market.

The Minister said his new policies would aim to create a healthier economic climate in which entrepreneurs, both large and small, could flourish. The policies were also intended to combat inflation.

Removal of the present system of fixing exchange rates will, the Minister said, "lead to the development of an orderly foreign exchange market." A parallel market

exchange rate will be revised and announced regularly. The rate is expected to hover just below the current black-market rate.

Large development projects already begun are to be continued, but a greater emphasis is now to be placed on smaller projects as well. "It is unthinkable," the Minister said, "that we have built the Kenana sugar project, but have failed to produce enough chickens and eggs."

Priority is to be given to "removing bottle-necks" in the basic infrastructure, such as the railways, power generation and the clearance of goods through Port Sudan.

On the question of Sudan's large external debt, unofficially estimated last year at \$1.3bn, the Minister said the delegation from the International Monetary Fund is expected to arrive at his invitation in Khartoum today for a complete review of the position. Consultations for the rescheduling of all commercial debt were quietly going on with the Club of Paris (an informal forum of creditor and debtor nations) and elsewhere, but no decision had yet been reached on the period or conditions.

Schmidt in Hungary trade talks

BY PAUL LENDVAI IN VIENNA

EASIER ACCESS for Hungarian exports to West Germany is likely to be a key subject in talks currently taking place to Budapest with Helmut Schmidt, the West German Chancellor, Mr. János Kádár, the Hungarian party chief, and Prime Minister George Lazar. The three parties are expected to discuss the possible dismantling of restrictions and non-tariff barriers, which affect half of Hungary's exports, as well as further co-operation deals between the two countries.

West Germany has doubled its share in Hungarian foreign trade from 5 per cent to 10 per cent during the 1970s and has emerged as Hungary's second largest foreign trading partner.

preceded only by the Soviet Union. Last year it accounted for 12.3 per cent of the Hungarian imports total and was a market for 8.4 per cent of Hungarian exports.

However Hungary last year had a record trade deficit of DM 900m, as against an overall West German-Hungarian trade volume of DM 2.5bn.

In an analysis of trade with West Germany, the economic weekly, Figyelő, stressed this week that trade exchanges between Budapest and Bonn have grown at a much more dynamic pace than Hungarian external trade in general. West Germany alone accounts for almost one-third of Hungary's entire Western trade.

Though in the first half of 1978 exports jumped by 40 per cent and imports grew only marginally from West Germany, Hungary still is faced with a large deficit. It is also pointed out that the two countries have so far concluded 330 joint venture or co-operation deals, however, the Budapest Party paper, Nepszabadsag, also pointed out that these deals merely involved a trade of DM 250m, with exports amounting to DM 150m.

For all the pressure to be put on Chancellor Schmidt during the visit, which will end on Thursday, Figyelő admitted that the key issue, namely the rapid increase of exports to West Germany, can only be resolved through the Hungarian side.

Manila negotiates £115m cement projects

BY DANIEL NELSON IN MANILA

TWO SOUTH Korean companies—Daewoo and Hyundai—and a Middle East group are engaged in preliminary talks with the Government here on the establishment of three export-oriented cement plants.

The Government envisages that each \$85m (£38m) plant would produce 1m tons of cement a year. In the three proposed plants are in addition to a Pesos 1.3bn (£80m) expansion plan for the 17 existing cement producers, which the Development Bank of the

Philippines (DBP) hopes will increase installed annual capacity from 7.2m tons to 9.5m tons.

Mr. Jose de Ocampo, chairman of the Philippine Cement Corporation and a vice-chairman of the DBP, told the Financial Times that about 30 per cent of the Pesos 1.3bn would be spent on new equipment, mostly from abroad.

A further Pesos 40m has been earmarked for converting plants from molli to coal, (though this requirement may be scaled down to the six coastal plants) and about Pesos 10m per plant for anti-pollution equipment.

The expansion programme is based partly on a report prepared by RPC Sellstrut, commissioned a year ago when the industry was operating at only 60

per cent of capacity, and presented last March.

The inefficiency of the plants which led to the commissioning of the report also led to a curtailment of exports, which were running at almost 1m tons a year until 1976. As a result of recent improvements in operating efficiency (output is now up to 70 per cent of capacity) exports are expected to resume next month.

The Government has authorised overseas sales of 150,000 tons through to December, and says it will sanction a further 100,000 tons as long as the industry maintains a 45-day inventory for local demand. Mr. Ocampo believes that if rehabilitation runs according to plan, exports could reach 1m tons next year.

Negotiations have almost been completed with the National Commercial Bank of Saudi Arabia for a \$30m credit facility for equipment requirements on Middle East contracts, according to Mr. Rosendo Bondoc, acting president of the Philippine Export and Foreign Loan Guarantee Corporation.

Reuter reports from Peking: China's airline began flying to the Philippines when a Boeing 707 took off from Peking for Manila, the New China News Agency reported here.

The new service of the Civil Aviation Administration of China (CAAC) is routed through Canton. This is the same route being served by Philippine Airlines which began its services in August. Each airline flies twice a week between the two capitals.

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Rabobank Dutch Masters in Banking.

Jump in world aircraft sales

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE RE-EQUIPMENT tide now flowing among the world's airlines resulted in new orders for 337 jet airliners of all kinds being placed in the first six months of this year, worth an estimated \$4bn including spares.

This compared with 236 jets in the first six months of 1978, 694 jets in the whole of last year, and 393 jets in the whole of 1977.

The rate of re-equipment has thus accelerated rapidly in the first half of this year. This is due to the increasing need for airlines to replace their existing ageing, noisy and fuel-thirsty jets with new aircraft that will meet the increasingly stringent noise and fuel requirements through to the end of this century.

This re-equipment tide is expected to involve new orders by the early 1980s for upwards of 3,500 aircraft, worth an estimated \$40bn. Between January 1, 1978, and the end of June, this year, the airlines world-wide had placed orders for a total of 1,364 new

jets, worth an estimated £13bn to £15bn, indicating that the re-equipment tide is flowing strongly, according to figures prepared by U.S. brokers Merrill Lynch.

The pace has continued in July and August, and it is expected that by the end of this year, the inflow of new orders will have exceeded that of 1978. Boeing, the world's biggest jet manufacturer, won new orders for 148 jets in the first half-year, well ahead of McDonnell Douglas with jets (DC-8s and DC-10s), and Lockheed with 21 TriStars.

The most significant feature of the first half-year's results, however, was the rise of the European consortium, Airbus Industrie, which recorded an inflow of 108 jets—A-300s of which most, 88, came in the second quarter.

Reuter adds from Tokyo:

Japan Air Lines (JAL) said it would cut the number of aircraft it planned to buy because higher air fares were expected to reduce passenger growth on many international routes. It would probably buy only six passenger aircraft in the 1981 financial year, instead of an originally planned seven or eight. A decision on makes and orders will be announced this year.

Aer Lingus, the Irish international airline, has negotiated a \$37.5m, ten-year multi-currency credit with National Westminster Bank group, to refinance existing bank loans in support of its capital spending programme. The loan is an extension of previous loans to the airline by the National Westminster Bank group, and is expected to be used at least in part to cover aircraft purchases.

India to set up new power centres

By K. K. Sharma in New Delhi

THE INDIAN Government has decided to establish three captive power stations based on gas turbines in the Bihar-Bengal coal belt to boost coal output. The turbines are to be imported and orders worth an estimated Rs 800m (£50m) are likely to be placed with British and Canadian companies.

Coal production is suffering because of a countrywide power shortage which has hit the eastern region, where the mines are located. Gas turbines have been chosen because they can be commissioned quickly.

\$30m UK loan to Poland

THE EXPORT Credits Guarantee Department has guaranteed a \$30m line of credit which Barclays Bank International has made available to Bank Handlowy Warszawa of Poland.

The loan will help finance contracts awarded by Polish state trading organisations to UK companies for the supply of UK spare parts and machinery components. To qualify under the terms of the loan a contract must have a minimum value of \$50,000 and be placed by August 1980.

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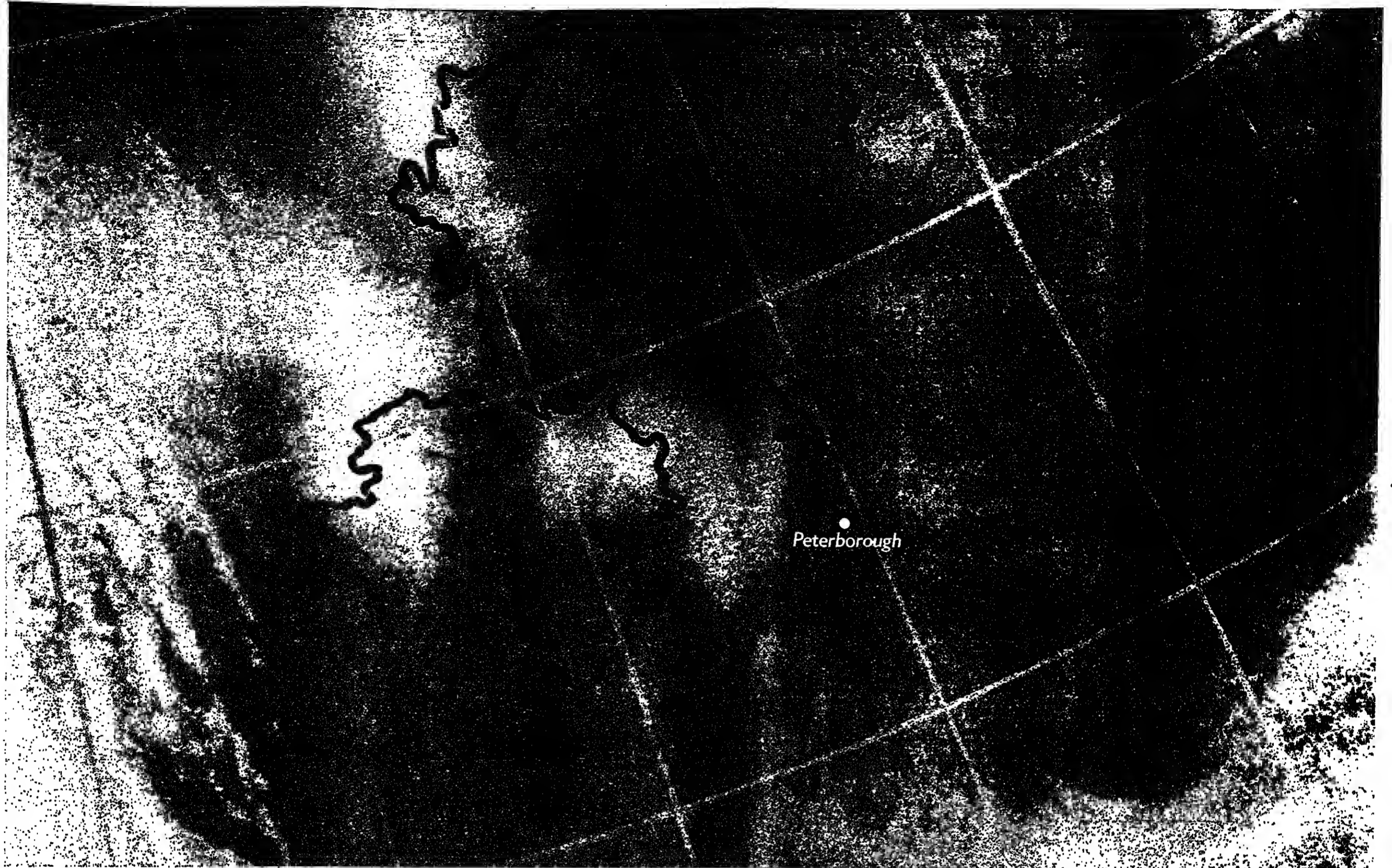
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Mr/Ms/Miss Address The Appeals Secretary, Room 177/20 Imperial Cancer Research Fund, P.O. Box 123, Lincoln's Inn Fields, London, WC2A 3PX.

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# One British city has a better export record than Japan.

Last year Peterborough exported 60 per cent of its manufactured output - more than double the Japanese record.

This performance comes as no surprise to those who have seen Peterborough become Britain's fastest growing city as well as the home of Britain's fastest growing firms - and some of its most successful.

Sodastream started here in 1973 with 15 people on the payroll. The workforce will be 400-strong when their big new factory opens in 1980.

Acco - the U.S. owned office equipment makers - increased their turnover five-fold in just three years. Crosfield Electronics - making their marvellous Magnascan for the world's printers - have grown six-fold in as many years and report production wastage down to an astonishing 3%.

And almost every new firm reports output up, productivity up, exports up, profits up, and labour relations better.

What are the reasons for the city's successes? The causes are various but the effect is always the same.

It's the Peterborough Effect.

## What causes the Peterborough Effect?

Many towns and cities offer factory and office space at rents even lower than ours. Some can offer grants that we cannot. So what does Peterborough offer that is different?

## Proximity to London?

Peterborough's 46 minutes from King's Cross by train. A far shorter journey than the

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## Good communications?

Peterborough has 28 fast trains daily into King's Cross and direct trains to Birmingham, Manchester and other major cities.

The A1 skirts the city, giving excellent car and road haulage connections to the rest of Britain.

Two international airports are within 90 minutes drive and Heathrow is less than two hours away.

Airfields close to the city can handle executive jets and there are several helipads around town.

Peterborough is the major growth point closest to the East Coast ports of Harwich, Felixstowe, King's Lynn and Yarmouth.

## Low rents and room to grow and grow again?

Office rents start at £3.50 a square foot. Factory rents at £1.50. Every factory and office is finished to a high standard with essential services connected. In other words you can start work as soon as you move in.

There are no problems about transferring to bigger premises or extending on site when you need to expand - as you undoubtedly will when The Peterborough Effect takes over.

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The view from Thomas Cook's new office.

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And for every new family we've planted more than 100 trees and shrubs.

There are hundreds of homes to buy every week in all sorts of styles and sizes.

And those who prefer older houses will find dozens for sale around the city and in pretty villages within 20 minutes of the centre.

A three bedroomed house with central heating can cost less than £15,000.

## A place to put down roots?

Peterborough's history predates even its Norman cathedral by several thousand years.

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interest. And dozens more for managers and executives, for professionals in private practice and business, for technicians and technologists.

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BRITISH ASSOCIATION IN EDINBURGH

# North Sea oil revenue could reach £20bn

A NET GAIN to the British economy in 1978 of £2.7bn from North Sea oil and about £2bn from North Sea gas was estimated by Prof. Colin Robinson, Professor of Economics at the University of Surrey, at the British Association meeting at Heriot Watt University yesterday.

It could be as great as £20bn by 1990, Prof. Robinson estimated, but in a scathing attack on advocates of centralised planning of oil revenues, he warned that the probability of failure was "very high if we regard the prime responsibility for maximising North Sea benefits as a matter of Government planning."

### Development

The impact of North Sea Oil on the UK's balance of payments could be £5bn next year, between £10bn and £13bn in 1985, and between £12bn and £20bn in 1990.

Professor Robinson acknowledged "truly daunting uncertainties" associated with the future development of the offshore industry.

But with the help of a 15-fold increase in world oil price since 1970, there were few cases where industry could expect to get such a good return as from exploiting offshore oil.

Instead of using resources in relatively unprofitable industries or possibly leaving them idle altogether, a new and profitable investment opportunity has appeared. "There was a breathtakingly naive approach to North Sea resources."

"The belief that groups of politicians and civil servants, perhaps aided by the CBI the TUC and some university economists can provide a national strategy, presumably picking out 'winners' for the British economy, would be truly comic if it were not so serious a matter."

Recent experiences suggested that the outcome was more

**DAVID FISHLACK**, Science Editor reports from the Heriot Watt University, Edinburgh.

likely to be hand-outs for the ailing than encouragement for the innovative and the efficient. Much of centralised decision-making had nothing to do with economic efficiency.

There was greater chance of success if the Government relied on broad ground rules defining incentives and penalties for pro-tempt to "direct and coerce" rather than on any from the centre.

As North Sea revenues accrued, the Government might embark on a gradual programme of tax reduction. But more imaginative would be the scheme proposed by Samuel Brittain and Barry Riley in the Financial Times, by which everyone would receive marketable rights to a share in the income stream from the North Sea, and it would be up to each one to decide how to use such rights.

Sir Douglas Hadow, chairman of the court at Heriot Watt University, introducing the session on implication for the future of North Sea oil, said one of the big questions was how Britain was going to meet its energy requirements when North Sea resources ran out. Clearly much emotion was

being whipped up by people who played on the fears of the public and who did not hesitate to distort facts.

How else could the public be so insensitive to the links between smoking and cancer, and between drinking and road deaths, yet so worried about the risks of nuclear power—a field in which the safety record was "outstandingly good."

A death toll of about ten North Sea divers a year in the mid-1970s had dropped to about two a year now, said Mr. R. Farrington-Wharton, managing director of Wharton Williams, in his Brunel lecture on North Sea diving. For an industry of its size and complexity, it was "an excellent safety record."

But without divers, it was not possible to produce oil offshore, he said.

### Diverless systems

Mr. Farrington-Wharton estimated that more than 1,500 divers were working in the North Sea, very few at depths of less than 300 ft. More than 100 deep diving systems were at work, including 20 sophisticated diving support vessels, with more under construction.

In an attempt to keep Britain ahead in underwater engineering, a committee has been established under Sir Hermann Bondi, chief scientist at the Energy Department, to modify and fund development of diverless systems. "It would be many years before diverless systems were reliable enough for use as routine tools for the oil industry" but that day is coming inevitably and we must prepare for it.

Even so, when it came there would be as many or more divers working in the North Sea as there were today, he forecast.

## Hopes of progress in Ulster talks

By Richard Evans, Lobby Editor

BRITISH MINISTERS remain hopeful that some progress will be made on Ulster security at today's talks in London between Mrs. Thatcher and Mr. Jack Lynch, the Irish Premier, despite the marked difference in the two governments' public attitudes.

Recent statements by Mr. Lynch and Mr. Humphrey Atkins, Northern Ireland Secretary, have appeared to show little prospect of progress.

Ministers accept that Mr. Lynch has limited room to manoeuvre for domestic political reasons and has been forced to take a strong line publicly. But the belief is that limited advances might still be made on tightening cross-border security and on improving cross-border intelligence.

The talks take place at 10 Downing Street after the Westminster Abbey funeral of Lord Mountbatten. Ministers were still insisting yesterday that there was no prospect of the early political initiative urged by Mr. Lynch. They maintain that priority must be given to security.

After a working lunch attended by Mrs. Thatcher, Lord Carrington, the Foreign Secretary, Mr. Atkins and Mr. Lynch and his senior aides, the two Prime Ministers will have private talks before calling in colleagues for a plenary session. This should end by 5 pm.

Northern Ireland will dominate the talks but the two leaders will also discuss EEC affairs, as Ireland currently takes the chair at Common Market ministerial meetings.

## Irish border security top of agenda at today's London summit

AS Mr. Jack Lynch, the Irish Prime Minister, must now be very tired and bored with telling the BBC—he seems to have spoken with everyone at the Corporation—Mrs. Margaret Thatcher should not expect too much of security from today's summit meeting.

The suggestion that members of the Royal Ulster Constabulary be allowed to cross into the Republic to interview IRA suspects at Garda (police) stations is a non-starter. Mr. Humphrey Atkins, the Secretary of State for Northern Ireland, put this to Mr. Michael O'Kennedy, the Foreign Minister and Mr. Gerry Collins, the Minister for Justice and police and it was rejected.

That he even advanced the proposal at all, more than two months ago, is best seen as a reflection of the fact that he was new in the job, had not expected to get the post and was not well versed in the affairs of Northern Ireland.

### Protestant

The RUC is more than 85 per cent Protestant. Some of its members were criticised in the Bennet Report for the mistreatment of prisoners at the Castlereagh detention centre.

The idea that Protestant RUC members could visit Roman Catholic police stations in the Republic is a fantasy. It would be like West Berlin agreeing that Russian KGB agents in East Germany be allowed to interrogate suspects in West Berlin jails.

Mr. Lynch can and probably will agree to greater co-operation between the two police forces, in terms of intelligence and other information. But as he has pointed out there are already joint patrols, and exchanges of information.

There is probably room, for more plain clothes cover on the Republic's side of the border. Ireland is a small and rela-

tively (to Britain) poor country. It can barely afford to maintain an army of 13,500 men (the size of the British force in Ulster) and a police force of 8,000. The border is 300 miles long, it is often wild and rugged. With the best will in the world it would require a force 10 times the size of

Minister of Finance and Mr. Charles Haughey, the Minister for Health in the present Government.

It took some time for Mr. Lynch to establish his authority. In 1970 his government suffered a major crisis when members of his party including Mr. Haughey, the then Minister

Here he is showing the same kind of political naivete that Mr. Atkins has demonstrated in regard to security. The smashing success of the Rev. Ian Paisley in the European elections last June (he won 170,000 votes on the first ballot, 25,000 more than needed for a second count) has put the possibility of a political initiative out of court.

Mr. Paisley is uncompromising. He will not even sit down with moderate Catholics of the Social Democratic Labour Party let alone the IRA. He now styles himself as the leader of the Northern Ireland people, and clearly has a veto power over the more moderate Unionists in the official Unionist Party and elsewhere.

Mr. Lynch seems to show little acquaintance of the intractable obstacles Mr. Atkins now faces in political terms in Northern Ireland.

Where there is room for hope is in the consummate skill with which Mrs. Thatcher has so far conducted the crisis in Anglo-Irish relations.

There is optimism that something will emerge from the summit at least on security.

### Morale

Apart from flying off to Northern Ireland to address the troops, to bolster morale, Mrs. Thatcher has refrained from publicly attacking Mr. Lynch.

This is very important. One of the problems with Anglo-Irish relations is that Irish Ministers have felt patronised by British Ministers. Mr. Lynch wants to have his say about Northern Ireland. He wants to make the point that it is the key issue in his political life. If Mrs. Thatcher can make him feel that his views on Northern Ireland is a problem which involves the Irish Government as much as it does the British one, she might yet succeed in moving him in the direction she wants.

### NEWS ANALYSIS

## Stewart Dalby, in Dublin, reviews the prospects for the crucial meeting between Mrs. Thatcher and Mr. Jack Lynch, Ireland's Prime Minister.

Garda to make any impact on the border situation.

As for extradition, Mr. Lynch is in a particularly tight corner. Ostensibly he would, and has argued, that Ireland has a democratically elected Government which is subject to the rule of law. Under the Irish Constitution of 1937, extradition for political offences is prohibited.

Mr. Lynch would run into tricky political problems if he tried to amend the Constitution. He is the leader of Fianna Fail, the party of Eamonn de Valera; and those who opposed the partition of Ireland in 1921. While he can and does condemn the violent methods of the IRA, he cannot disavow the ideal of the reunification of Ireland.

This is in spite of the fact that he needs to govern in Protestants in Northern Ireland like he needs a hole in the head.

Mr. Lynch does not want the immediate reunification of the country, merely a token gesture from the British that they will one day withdraw.

Mr. Lynch first became Prime Minister in 1966 as a compromise candidate between Mr. George Colley, the present

Minister of Finance and Mr. Charles Haughey, the Minister for Health in the present Government.

Mr. Haughey was acquitted, and is back in the Government. Since he was returned to power in 1977, however, one of Mr. Lynch's main preoccupations has been to prevent a man of Mr. Haughey's Republican credentials succeeding him.

Mr. Lynch is 62, tired and suffers pain from a leg injury. He wants to hang on, however (and he need not go to the polls until 1982) until a successor he favours emerges.

It is unlikely that in the circumstances he finds himself he will want to amend the Constitution to allow a wider definition of political crimes.

He might agree to setting up a joint committee of British and Irish jurists, who will examine the whole question of extradition.

In return for this, however, he will want Mrs. Thatcher to give an assurance that a political initiative will be launched involving talks to bring about a representation for the Roman Catholic minority in Northern Ireland in a devolved government there.

## Drug proves effective against kidney transplant rejection

A NEW DRUG called Cyclosporin A, developed by Sandoz, has been proving very effective experimentally in preventing the rejection of kidney transplants, said Professor Roy Colne, head of the Department of Surgery at Cambridge University. It spared the patient from

the serious side-effects of steroids, which could prove crippling, and was well tolerated, he told the meeting.

So far 26 patients had received the drug—a fungal peptide—in a pilot study by his team in which the patients re-

ceive no other immunosuppressive drug.

All these patients had been given kidneys taken from cadavers and not from relatives. They had not suffered from any episodes of acute rejection of their new kidneys.

## Holograms could save space

DIGITAL DATA could be stored 1,000 times more densely in the form of holograms than on magnetic tape, Mr. Nick Phillips, senior lecturer in physics at Loughborough University of Technology, told the meeting.

Holograms are three-dimensional photographs generated with lasers. Russian researchers were ahead of the West in producing the very fine grained recording material needed for grainless holograms, he said.

Mr. Phillips is also technical director of Holoco, a research company, owned and supported by The Who entertainment group, with laboratories at Loughborough and at Shepp-

ton Studios, Holoco, which equips the group with its laser-based lighting effects, is also working on low-noise reflection holograms.

### Premium Bonds

BECAUSE OF industrial action which closed Government computer centres for 10 weeks, Premium Savings Bond prize draws are being processed two months behind schedule. Monthly and weekly jackpot prizes for July will be announced today. The month's prizes are worth £8.5m, bringing the grand total since 1966 to £739m.

### £3m HQ for Cable Belt

YORKTOWN HOUSE, the new £3m headquarters of Cable Belt, long distance conveyor belt makers, was opened at Camberley, Surrey, yesterday by Mr. Norman Siddell, deputy chairman of the National Coal Board.

The building will house the company's management, administration, design, and service personnel.

### Export award

WOODS OF COLCHESTER, part of the GEC Group of Companies, has won the Hevac Export Award for 1979. The company, which makes industrial fans, earned the title for its efforts in the heating, ventilation, air conditioning and refrigeration industries.

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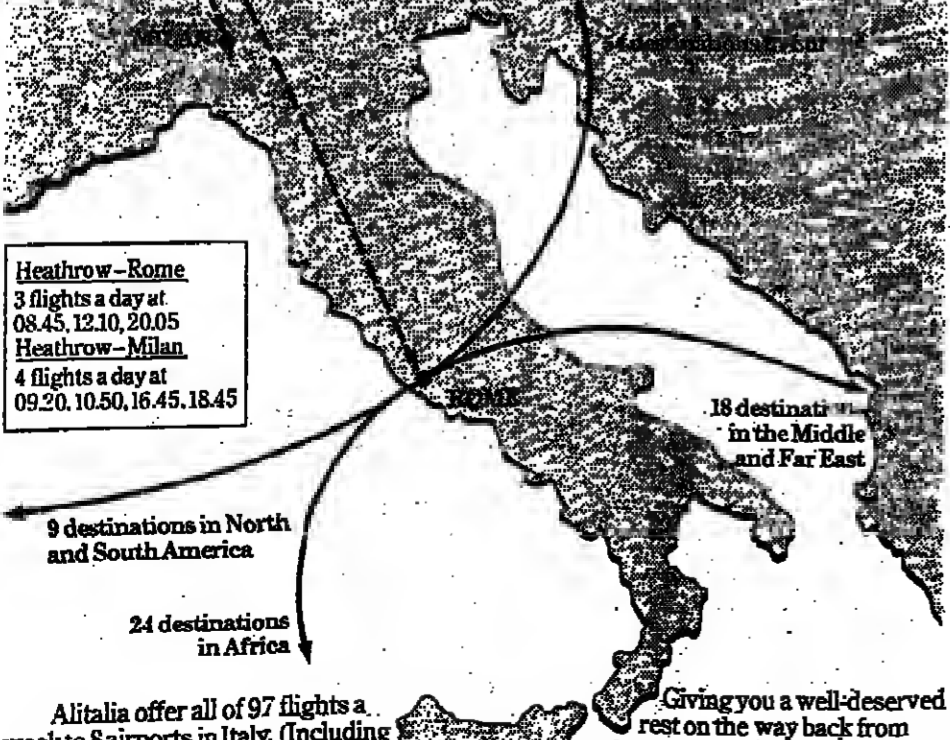
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can be transferred from the smallest B 80 to the largest B 1800. Without reprogramming. Without recompilation. And with a Burroughs system, you get more than just a computer. You get our 90 years experience in information management, plus system software, application solutions for all major lines of business, customer training and system support—even the business forms and supplies you need. See our small computers in action. Phone your local Burroughs office or contact Burroughs Machines Limited, Department PRA, Heathrow House, Bath Road, Hounslow, Middlesex, England TW 5 9QL.



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UK NEWS - TUC AT BLACKPOOL

Tailors criticise safety proposals

A MUCH more insidious attack on the protection of workers than the Government's proposed legislation on industrial relations was under way, Mr. Alex Smith, general secretary of the National Union of Tailors and Garment Workers, warned delegates...

Uproar as delegates veto private health

THE TUC CONGRESS annual congress last night decided after a bitter and acrimonious debate that no affiliated unions should negotiate private health schemes for their members...

It opposed the increase or imposition of new NHS charges, and asked the General Council to endorse the campaign against the extension of private medicine...



Mr. Albert Spanswick, COHSE general secretary, led the attack on the electricians' private health scheme.

Unanimous vote for lowering pensionable age

THE TUC yesterday unanimously backed a call to take every form of action to reduce the pensionable age to 60.

Delegates also voted to demand that State pensions should not be less than 50 per cent of average gross earnings for a married couple and a third of the average gross earnings for a single person.

Action urged in furniture

GOVERNMENT-proposed regulations requiring upholstered furniture to be resistant to smokers' materials would not prevent fire tragedies, Mr. Jim Kooymann of the Furniture, Timber and Allied Trades Union, told Congress.

Civil servants step up campaign against cuts

TWO CIVIL Service unions which have hanged overtime and taken other action in protest at the Government's reduced public expenditure yesterday took the openly political step of challenging the Government's economic policies through a public campaign against the cuts.

Bid for review of inter-union disputes machinery rejected

CONGRESS REJECTED a call from the Engineers and Managers Association—which has been in the forefront of many important cases on union recognition—for the TUC to reconsider its proposals for improving its inter-union disputes machinery.

Congress reports by Alan Pike, Nick Garnett, Philip Bassett and John Hunt. Photographs by Terry Kirk.

Benefits reform plan endorsed

A PROPOSAL that the General Council should draw up a programme for the fundamental reform of Social Security to guarantee a comprehensive system of non-means-tested benefits was approved by the Congress.

Greater control over pension funds sought

CONGRESS decided to investigate the control and supervision of pension funds, and to examine ways in which union members on pension fund boards could direct investment policy to further union means.

General Council changes

THE FOUR new members of the TUC's General Council are Mr. Alec Smith, National Union of Tailors and Garment Workers, who replaces Mr. Jack Macgougan; Mr. Bill Whitley, of the Union of Shop, Distributive and Allied Workers, who replaces Lord Allen; Mr. Gavin Laird, of the Amalgamated Union of Engineering Workers, who replaces Mr. Reg Birch; and Mr. W. H. Maddocks, of the National Union of Dyers, Bleachers and Textile Workers, who replaces Mr. Fred Dyson.

GLC staff call for resistance

A CALL for the unions to resist any move to cut back the regulations governing health and safety at work was made by Mr. Charles Corcoran, chairman of the Staff Association of the Greater London Council.

OTHER LABOUR NEWS

Dispute at London courts to continue

THE STRIKE by more than 600 clerical and administrative staff at 18 inner London magistrates' courts is likely to continue in spite of Home Office approval for a new pay deal.

No sign of end to engineering union pay row

THE FIRST of a series of two-day strikes throughout the engineering industry came to an end last night with no sign of a break in the increasingly serious dispute.

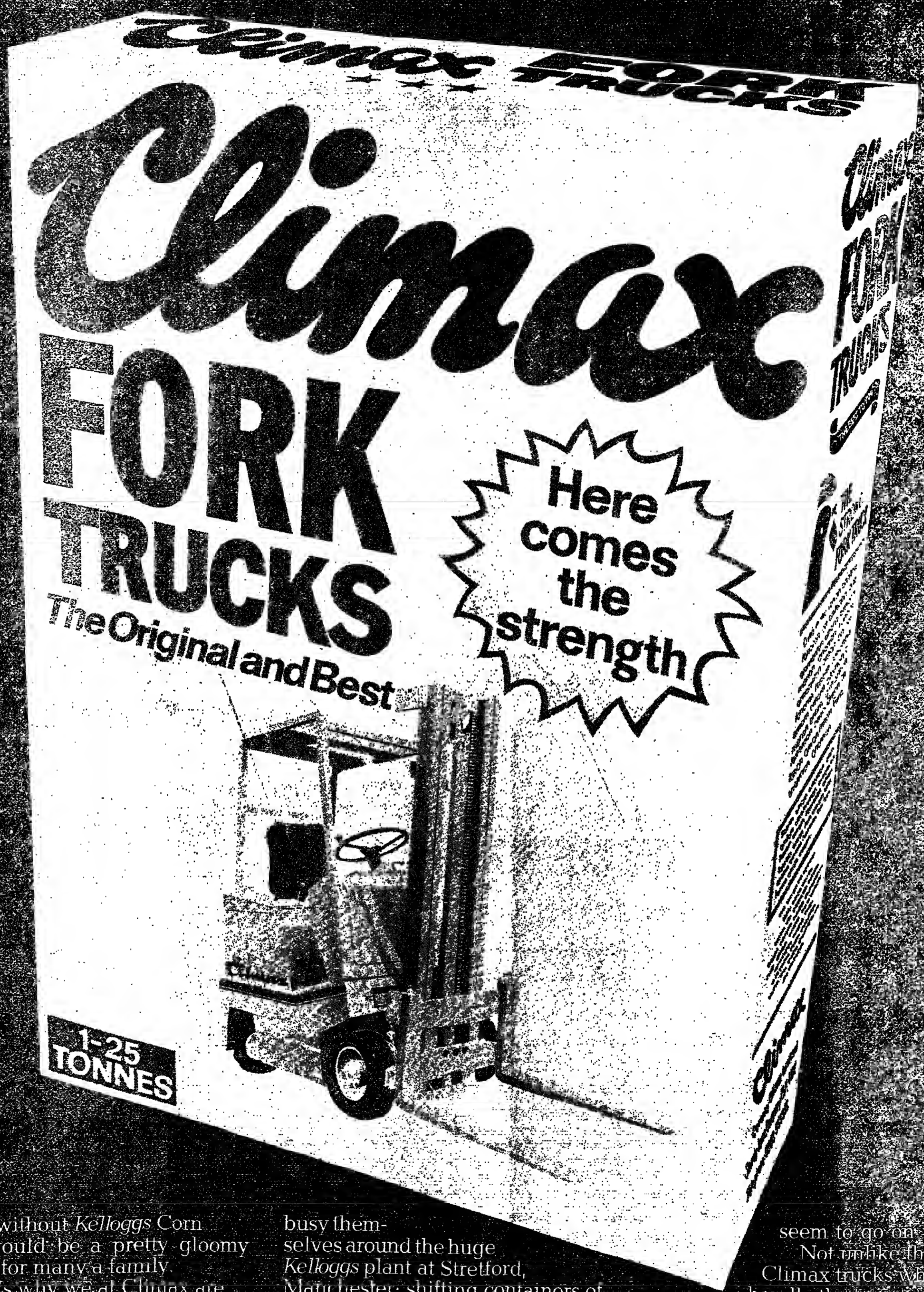
TUC approves membership bid by hospital consultants' body

ABOUT a third of Britain's top doctors—the 4,000-strong Hospital Consultants and Specialists Association—have had their application to join the TUC approved in principle.

Strike likely to halt Vauxhall production

PRODUCTION AT Vauxhall's Ellesmere Port plant is expected to come to a halt today after about 5,000 members of the Amalgamated Union of Engineering Workers went on strike yesterday in protest against the company's pay offer.

Handwritten Arabic text at the bottom of the page.



Life without *Kelloggs* Corn Flakes would be a pretty gloomy prospect for many a family. That's why we at Climax are proud of the part we play in getting those familiar packets of Sunshine goodness on to millions of British breakfast tables. A fleet of Climax fork lift trucks

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APPOINTMENTS

BICC non-executive post for Sir Raymond Pennock

Sir Raymond Pennock, a deputy chairman of Imperial Chemical Industries, has joined the Board of BICC as a non-executive director.



Sir Raymond Pennock

Mr. Austin W. Walker, chairman of Air Products, has been re-elected president of the INSTITUTE OF ADMINISTRATIVE MANAGEMENT.

Lord George Brown has been appointed a director of O. T. JAPAN INVESTMENT TRUST.

Mr. Christopher J. Squires, sales director of ROCKWARE GLASS, has been appointed director of sales and marketing of OTC.

Mr. Edgar Palamoutian, chairman of the M and G Unit Trust Group, has joined the Board of KINGSWAY PUBLIC RELATIONS (HOLDINGS) as a non-executive director.

Mr. K. E. Dawson has been appointed a director of SUN HUNG KAI SECURITIES (UK).

Mr. Neil Ashley has been appointed a director of BALFOUR BEATTY CONSTRUCTION, part of the Balfour Beatty Group.

Mr. H. Houghton and Mr. J. R. Devine have been appointed chairman and chief executive, respectively, of A. R. Stenhouse Reed Shaw and Partners from October 1.

Mr. Nicholas Wheeler has been appointed finance and group development director of SIMON TR HOLDINGS, London.

has been made a director of TR International (Chemicals) and will continue as head of the solvents division.

TECALMIT states that the following promotions have been made to develop engineering-based activities with an advanced technology content to serve the needs of the future.

Mr. Jack Hilton has been appointed production director of SAVAGE INDUSTRIES, a member of Spur Systems International of Watford.

Mr. George Hatcher has been appointed a director of THORNSBY REGIONAL NEWSPAPERS. He is at present managing director of the North Western Newspaper Company of which he will become chairman on January 1, 1980.

Mr. Christopher C. Ashby has been named a vice president in the international division of CHEMICAL BANK. His new responsibilities will include heading the Corporate Banking Group in Madrid in charge of the Bank's corporate lending in Spain.

Mr. Roy J. Collins has been appointed managing director and Mr. Stuart H. Macneil, marketing director, of P. LEINER AND SONS (ENCAPSULATIONS).

Mr. D. O. Anderson has joined the Board of the NATIONAL BANK OF AUSTRALASIA. He has been a member of the Bank's New South Wales Board of Advice since 1978.

Mr. D. J. Ewart has been appointed chairman of RANSOME HOFFMANN FOLLARD with effect from October 1. This follows the death of Mr. Malcolm Harrison in August. Mr. Ewart was involved in the formation of Ransome Hoffmann Follard and has been a director for ten years.

Banking figures

Table with columns: Bank, August 15, 1979, Change on month. Includes sections for Eligible Liabilities, Reserve assets, Ratios %, and N.B.—Government stock holdings.

London Clearing Banks' balances

as at August 15, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England.

Table 1: AGGREGATE BALANCES. Table 2: INDIVIDUAL GROUPS OF BANKS' BALANCES. Table 3: CREDIT CONTROL INFORMATION.

Table 4: CREDIT CONTROL INFORMATION (Parent banks only). Table 5: CREDIT CONTROL INFORMATION (Eligible liabilities).

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Handwritten Arabic text at the bottom of the page.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETERS

## HANDLING Big coal conveyors to be ordered soon

UNDERGROUND conveyor belts said to be the biggest ever are now being developed by two British companies for the National Coal Board's Selby coalfield project.

The belts are to be installed in the drift tunnels and main spine roadways which stretch for about nine miles (15 kms) from the surface at Gascoigne Wood, near South Milford, and will cross the coalfield underground reaching a depth of 1,000 metres. Each belt will be capable of carrying an average of more than 2,000 tonnes of coal an hour.

The Gascoigne Wood drift site is the point at which the entire output of five Selby mines will reach the surface. At full production, in the late 1980s, this will amount to 10m tonnes of coal a year—up to 50 large trainloads a day. All five mines will be linked underground to the conveyor spine road, a series of vertical shafts passing coal from the workings in the seam to the below-the-seam conveyor roads.

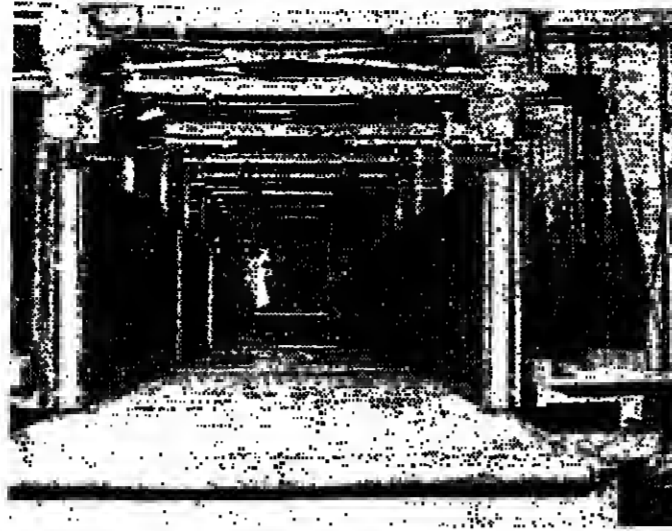
Work is currently in progress on all five shaft mine sites and at the first site, at Wistow, the coal seam has been entered by the No. 1 shaft. The drift tunnels have been driven for 600 metres and are almost through the water-bearing strata.

Two drift tunnels are parallel and 70 metres apart, sloping from the surface at a gradient of one in four. The belt in the north tunnel is being designed by Cable Belt of Camberley, Surrey, and will be of a design in which twin steel ropes are driven by the surface motors and the belting is moulded to grip the cables.

The belt in the south tunnel is being designed by Anderson Strathclyde of Glasgow and will be of steel cord construction in which steel ropes are embedded within the flameproof material of the belting.

The available motor power for each conveyor drive on the surface will be about 8,000 kW—more than 10,000 horsepower. Maximum belt speed will be about 7 metres per second (15.73 feet per minute) which is up to three times as fast as the standard coal conveyors now in use.

Total cost of the two installations will be about £30m but contracts are not yet finalised and the two companies are undertaking design work under the No. 1 shaft. The drift tunnels



## Big plastics foam plant takes shape

ABOUT £11m is being spent by British Vita on a new plant for the production of polyurethane foam.

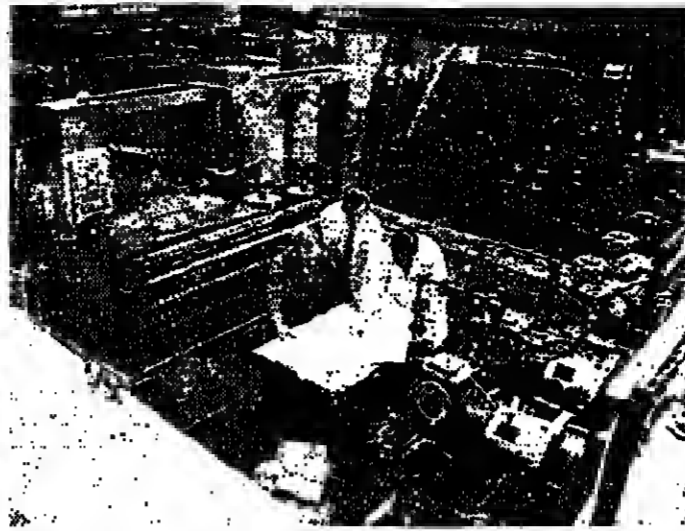
The plant, probably the most up to date in the world, is now being installed in what was once a cotton mill at Middleton, near Manchester. It has been designed in Germany by Henneke GmbH part of the Bayer Group and is expected to be commissioned well before the end of this year.

When in full production the plant will produce about 500 kg of foam in large blocks per minute. It will be completely

under electronic control and as a result a rather tricky process will be made more reliable; there will be less waste and environmentally it will be more acceptable.

One of the problems with this type of production is the health of the workers and the immediate environment and the company claims that the plant in this respect is as advanced as any now in existence and is willing to show the steps it has taken to any other interested organisation.

British Vita's activities in the polyurethane foam business do



The control area of British Vita's new £11m polyurethane foam plant at Middleton, Manchester, now nearing completion. Chemical pumps and mixture control units are on the right and at the back of the picture left. The mixture is poured from the start of the conveyor tunnel just behind the engineer in the dark coat. The conveyor tunnel (far left and viewed from the end furthest from the control area) has moving sides which travel with the foam blocks as they expand to their fullest size. The blocks will emerge on to another conveyor and move on for cutting and shaping in the required dimensions.

## PACKAGING Automatic case sealer

LATEST among the case-sealing equipment made by Wix of London, 29-31, Minerva Road, London NW10 6BE, (01-965 2255) is an automatic case taping machine which will accept shipping cases of random size in random order from a feed conveyor, separate them, sense them for size and then transfer them through the taping area using side band drive conveyors.

While one case is being sealed with self-adhesive tape the following one can be sensed for size, ready for acceptance, once the preceding case is clear of the taping heads.

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## PROCESSING Tanks will withstand heat

RECTANGULAR glass-fibre reinforced plastic tanks, suitable for hot-dip processing requirements, are now being produced by Hippo Chempol of Horbury Bridge, near Wakefield, Yorkshire (Horbury, WF11 0SR). They are offered in a variety of dimensions with capacities to 8,000 gallons.

The tanks are stated to be fabricated from a special grp formulation. They can be pigmented during fabrication to eliminate the need for painting.

## IN THE OFFICE Accurate weigher

POSTAL weighing takes a step forward with the launch of an electronic digital postal scale that will compute the postage up to 5 kg.

Electronic postal weighing by the UK-designed "Mailtronic" must be a British first, both in terms of design and manufacture, the company asserts.

Until now there has been no simple solution to the problem of unnecessary over-stamping of mail. Today the advances in the micro-processor industry mean that the postage can be computed electronically to a precise and accurate figure at greatly increased speed.

Mailtronic, 300 Neasden Lane, London NW10 0AD, 01-450 7532.

## AGRICULTURE Keeps pests at bay

BOTH LIQUID and powdered insecticides can be applied over large areas by means of a motorised knapsack sprayer now being marketed by the Pesticides Division of The Wellcome Foundation, Crewer Hall, Crewe, Cheshire CW1 1UB (0270 583151).

The unit which is carried on the back, is powered by a 2-stroke petrol engine and is claimed to be especially suitable for use with insecticide formulations including oils, emulsions, wetting powders and dusts.

The 35 cc engine drives a turbine blower to produce the air blast and the formulation

## MATERIALS Strong film for bags

HIGH DENSITY polyethylene film claimed to be twice as strong as the present material of this type, is being produced by A. J. Bingley of Brookfield Road, Brislington, Bristol BS4 5RW.

This company say its high gloss finish gives good printability in multi-colour. It is said to be especially suitable for carrier bags, and the first order for carriers made from the material has been placed by C and A.

The material is free from static which makes it easier printing, storage and handling.

## PRINTING Ink jets form characters fast

A FURTHER advance in ink jet printing has been made at Cambridge Consultants where a machine designed for Moore Business Forms can print on nominal office paper width rolls at linear paper speeds of one metre/sec with a resolution of four points per millimetre.

The array of 32 ink jets extends across the width of the paper, but the number has been minimised by a system which detects each drop as it emerges from the nozzle so that it will move accurately to one of 16 positions on the paper, forming alpha-numeric characters.

Each nozzle produces drops at

the consistent rate of 64,000 per second from an orifice 0.003 in diameter under a pressure of 50 psi. Drop creation is forced into uniformity by means of pressure wave at 64 kHz formed at the orifice by a piezoelectric driver.

As each drop breaks off it is given one of 16 precise electrostatic charge values between 90 and 250 volts and then moves between accelerating plates at 3,000 volts, after which it strikes the paper precisely at one of 16 locations.

Cambridge Consultants are in a position to develop similar

machines for other customers. So far as paper is concerned the attraction is in being able to print fixed or variable information in any size or design of type face, at high speed.

But ink jet printing also has the advantage of non-contact operation so that it is one of the few ways that images can be printed on very rough surfaces, delicate or hot surfaces where impact is not possible.

More from Milton Road, Cambridge, CB4 4DW (0223 353853).

## TELEVISION Games over the cable

FIELD TRIALS will be starting soon in the U.S. of the PlayCable system in which four major cable television operators will supply video games and information services to their subscribers.

PlayCable has been devised by Jerrold Electronics, a General Instrument subsidiary and is expected to be marketed by a joint venture company to be equally owned by Jerrold and Mattel Electronics, a division of Mattel Inc.

The games offered will be football, basketball and baseball, each designed with strategies based on computer analysis of actual play. In addition, when the system is complete, children and adults will have access to a library of educational services and personal services which include such things as tax and shares analysis and physical fitness programmes.

## Sticks it on the wall

ELECTRICAL SWITCHES and cables can be attached to the walls of precast concrete garages or other buildings with the aid of Gripfill, an adhesive marketed by Shell Composites of Slough, SL1 4DL (Slough 71711). Hardness of the fairly thin precast concrete sections of such buildings often mean they cannot be drilled and plugged like other walls. By using Gripfill, however, says Shell Composites, wood blocks and battens for switches and cables can be fixed and screws and cable clips then used in the normal way.

Gripfill is supplied in cartridges for application by conventional hand gun and beads of adhesive are applied to the wood block or batten. The piece to be fixed is then immediately positioned on the wall, applying firm pressure and moving slightly in all directions to bed in the adhesive.

## DATA PROCESSING Peripherals put to test

EXTENSIVE choice of portable peripheral exercisers is offered by Rack Data in check every operating function which can go wrong with floppy discs, disc drives, tape drives, and other equipment.

Weighing from 6-16 lb, the exercisers, manufactured in California by Wilson Laboratories Inc., provide a simple way of testing peripherals. They are ideal for quality control at the production stage or for on-site testing by service engineers.

Wilson exercisers put each unit on check, continuously if necessary, to locate even difficult intermittent errors, normally impossible or just too costly to trace and deal with. The simple testing procedures mean that minimal knowledge is needed to locate a fault.

Rack Data, Rose Industrial Estate, Cores End Road, Bourne End, Bucks. (06285-27117).

## More machines in use

COMPUTER USERS' Year Book, published this week, reports a record 26 per cent increase in the number of computers listed in its directory of installations—up from 18,964 machines in 7,604 locations last year to 23,956 machines in 8,665 locations in the 1979 edition.

Advances in microelectronics are reflected in the growth in the number of small business systems described in the CUYB's tables of equipment specifications. A total of 226 systems are now covered, an increase of nearly 40 per cent over last year.

The importance of packaged software available to users of micro-based systems has been recognised with the introduction of a new table indicating the various types of systems software and applications packages now offered by manufacturers of small business systems. Similarly, the growth in networking has inspired new tables describing network management and control equipment.

With these and other new sections, and the continuing growth in existing sections, the Year Book has increased to 1,206 pages, covering everything from recruitment and salary information to supply sources for hardware and consumables.

An innovation in the section describing computer consultants shows which of the 609 firms have actual experience in particular application areas or in particular industries.

CUYB, 430 Holdenhurst Road, Bournemouth, BH8 9AA. 0202 302461.

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THE MANAGEMENT PAGE

Bringing order to a publishing jungle

Jason Crisp meets Monty Alfred, head of a healthy arm of the troubled BPC group, whose results are due later this month

IN 1970 the publishing division of British Printing Corporation was, to put it mildly, in a parlous state; it made losses of £4m on sales of just £17.5m.

During that year BPC's Board asked its recently appointed planning director, Monty Alfred, to study the tangled mess and to produce recommendations on how it should be sorted out. At the same time Mr. Alfred was looking at another knotty and infamous problem. BPC had just bought 90 per cent of Pergamon Press's half share in that joint venture ILSC.



Profile

And when Mr. Alfred duly made his recommendations on how to rescue the publishing division he was told to get on with it and put them into practice. After all he had the perfect qualification: an economist, with no real experience of line management and knowing nothing about publishing.

Eight years later and Monty Alfred is still at the helm of the publishing division, as chairman, which last year had a turnover of \$44.5m and pre-tax profits of \$3.6m.

"That," notes Mr. Alfred with pointed emphasis, "amounted to 25 per cent of BPC's turnover and 35 per cent of profits."

At this year's AGM the British Printing Corporation duly changed its name formally to its acronym, since publishing and packaging now account for more than half the group's proceeds or to put it another way, printing now accounts for less than half. The printing side is also currently suffering from the loss of the Sunday Times colour magazine, printed at its subsidiary Sun printers.

Fusion of skills

Manifestly he has made a success of running the publishing division but he states emphatically: "I am not a publisher. . . I do not regard myself as a publisher."

The only time he wanted to make a publishing decision was after reading the hardback edition of Dr. Schumacher's Small Is Beautiful and he told one of his editors to try to get the paperback rights. The editor had already done so—but unfortunately this was for the publisher by whom he was previously employed.

The choice of Small Is Beautiful is of more than incidental interest. When Monty Alfred first studied the allied publishing division he found that a persistent policy of decentralisation had resulted in a demoralised, stagnating and bureaucratic organisation.

"Publishing is a very special activity. It calls for a fusion of creative editorial skills with commercial and financial ability. To get that fusion requires the chief executive to be very much on top of those things like editorial decisions, the markets and the personalities. As each company has grown the managing director finds it harder and harder to be 'senior publisher' and becomes more of a bureaucrat—which is when you begin to lose the fusion and you lose morale," he explains.

In 1971 not only was BPC's publishing division large (certainly in comparison with most other publishers), bureaucratic and centralised, but it also had a diverse product range, including encyclopaedias sold door-to-door, Jane's yearbooks, Macdonald's educational books, partworks like Understanding Science and the History of the Second World War, and even greetings cards. Each one required its own singular commercial and publishing skills.

When he took over Alfred asked the general managers if they had any confidence in their profit estimates—to which they replied "no"—and indeed he found that they did not know what their cash or working capital requirements were either.

Within a few months Mr. Alfred had taken his machete to BPC's publishing jungle. He inherited four companies which he split into eight profit-centres, thus doing away with the centralised bureaucracy. And he sold the greeting cards and map publishing company.

No longer were managers

faced with overheads—nor were they obliged to go to BPC for their printing if they could find a cheaper quote elsewhere—and suddenly they had budgets to meet, cash to control . . . the publishers were in business, and responsible for their actions.

Mr. Alfred says that he found there was a number of very good people in the division, despite the results. However, some heads did roll, although he says carefully: "At the top level I am not aware of losing anyone I did not want to."

Ever since then as soon as a part of BPC's publishing division grows to a size that begins to appear unwieldy and the managing director is becoming more of an administrator than senior publisher, it is divided again into smaller parts. Macdonald and Jones, one of the centres from the first split, was divided into two in 1973; when its staff had grown to 130 they became "Macdonald and Jones" and "Macdonald Educational."

And in July this year, the former of the two having grown to a staff of 120, it was divided into three. There are now 25 individual publishing companies within the division.

A look at Alfred's career before he came to BPC would not immediately lead you to believe he was a "small is beautiful man." Perhaps he was driven to it. Before BPC, he spent 23 years at Courtaulds, starting as a statistician and ending as chief economist and advisor to the Board. He was also a non-executive director of the nylon division and in charge of management services but his main role was as chief economist particularly concerned with long term planning.

But his first contact with bureaucracy was in the government's experimental housing division where he was one of 200 people conducting a vast O and M study into the time taken to build houses after the war. He conjures up a delightful picture of civil servants marching around soaking building sites with stop watches being made monkeys of by the

builders. "It was," he says, "a great waste of time and done in great ignorance."

In the evenings he was studying for an economics degree at LSE to add to the one he already had in Maths and Physics from Imperial College (he came top of the class). Although there was, he says, great pressure for him to stay on for a PhD, he opted for something a little more real. He joined Courtaulds.

Address to brokers

By 1951 he was head of the economics department. Much of his time at Courtaulds was spent in the background but not far from the centre of power—within the context of the role of advisor," he says.

Perhaps his most memorable time at Courtaulds was when ICI hid for Courtaulds and he was on one of the two working parties set up to defend this unwelcome incursion. Indeed Mr. Alfred says he was personally instrumental in settling up the first ever large scale public address to brokers.

At 44, having spent over half his life working for Courtaulds, Alfred made the unusual decision—unusual for someone of that age and position—to leave. He says that in his position which was just below board level, he was "getting frustrated at being at the beck and call of the directors."

An approach by head-hunters was to precipitate his move—but it was not from BPC. The approach was for the post of finance director of a company of about half the size of Courtaulds—and about five times the size of BPC. He said no to the job as he was not willing to take on the routine responsibilities of finance director. Well how would he like to be planning director, a post the company was willing to create for him?

While he was thinking about it he saw an advertisement for planning director for BPC. Eventually he had a three-way choice; to stay at Courtaulds or



Monty Alfred: "I am not a publisher . . . I do not regard myself as a publisher"

take either of the planning directorships.

It was not an easy decision to make, but "I took a deep breath . . . and in his plunge became a large stone in a small pond instead of a small stone in a large pond, and that was what he really wanted. And the reason he chose BPC was because it had decided that actually it wanted a planning director and was not just creating a post.

In some respects even in his present role Mr. Alfred retains something of a slightly detached stance—ideally suited to the role of advisor. He does not act as a managing director; he says that would be against his instincts but rather takes the "traditional chairman's role."

This, as he sees it, has four main strands; to act as an informal sounding board to the managing directors—"I was father confessor to many MDs in Courtaulds"; to monitor financial achievements; to provide a second opinion for the managing directors on a policy level; senior personnel decisions; to stimulate his managing directors into making sensible policy developments.

His attitude strikes one as being more logical and analytical and rather less instinctive than one might expect in publishing, which is perhaps to the good. But this is not to say he is not very enthusiastic. Interestingly he is quite keen to make sure that he is not just seen for his success but that his failures should be known too.

Of these there are three: first was to bring to the UK market something which another of his subsidiaries does with great success in the Nordic countries: a large glossy annual of the year's newspaper cuttings on major national events. While it is a great success in Sweden, where a surprisingly large number of homes buy it annually, it was not a success in Britain.

Second was "Me, Books," children's story books which star the child itself, its relations, pet and school, in a basic story. This failed because the major sales were made for the Christmas gift market but as it was a customised product it was found that production could not be evened out over the year.

Third was Phoebe partworks, a massive loss-maker which was part of the group in 1971 when he took over; though he revived it, it went sour again in 1978 and has subsequently been reshaped.

But as he says, "by decentralising I have reduced the risks, and any mistake can be contained. And I expect my MDs to make mistakes if they operate properly . . . they've just got to get it right more often than they get it wrong."

Second-class citizens in the pensions race

By Eric Short



EMPLOYEE BENEFITS

THE RATE of inflation is steadily climbing again, even official forecasts expecting a year-on-year rate of over 17 per cent by November. So employees who have not conceded index-linked pensions must again give serious consideration to uprating payments.

The word "again" should really be unnecessary; though inflation has not been rampant in the last two years, the rate has not really been low enough for employers justifiably to ignore its harmful effects on the real value of pensions.

The nearest one can come to an inflation-proofed pension is to revalue pensions once a year in line with the upward movement in the Retail Price Index. This is done with Civil Service pensions, those paid by many public agencies and by the nationalised industries.

Much has been made about companies not being able to afford such generosity in private schemes, but the latest Survey of Occupational Pension Schemes by the National Association of Pension Funds shows that many employers are doing something about revaluing pensions.

Derisory

The survey covered 764 pension schemes, of which 127 were in the public sector. The first table shows that the proportion of schemes which give no increase at all is small. But with inflation in double figures, that proportion should really be zero.

But this picture is not as positive for pensioners as it looks. The second table analyses the level of automatic increases being given. Most are only between 3 and 4 per cent per annum.

This rate appears to stem from the early 1970s, when there was a campaign by consultants to get employers to do something about preserving the value of pensions. Many employers then allowed for an automatic annual increase of 3 per cent—a level which at the time gave some hedge against inflation. Now it is derisory.

If private industry employers in general have done nothing to bring their rate up-to-date, the reason is simply cost. To fund in advance for guaranteed pension increases sends employers' pension contribution rates soaring. Employers seem wary of committing some 30 per cent of payroll costs to fund pension schemes.

In particular, no pension consultant would ever advise a company to link pensions to the RPI, à la civil service. For the employer would be undertaking an open-ended financial commitment that cannot be costed in advance. Yet the NAFP survey claims that 5 per cent of private schemes do increase pensions automatically in line with the RPI. However, investigations by many journalists have so far failed to find a private fund that actually guarantees this automatic linking. The next survey is going to frame the question more specifically.

But this does not mean that employers cannot do more to help preserve the real value of pensions. A pension scheme that does not do this is not fulfilling its prime objective—ensuring that pensioners main-

schemes are, by tradition, over-procured with ensuring the solvency of such schemes to the exclusion of all else. Thus excessive assets are being locked away to protect the pensions of those still working; when they could be used to protect the pensions of those who have retired. He feels that more could be done to boost returns from the pension fund assets without endangering solvency.

Employees are now becoming divided into two categories: the haves and the have-nots—those who have an inflation-proofed pension and those who do not. Incidentally, Sir Geoffrey Howe's first Budget, which was dubbed a civil servant pensioner's Budget, not only did he give them a pension rise this coming November to cover the rise in VAT, but with the other hand he is taking less away from their pension by reducing tax rates. By rights, he ought to use his new Tax and Price Index to remove this double benefit.

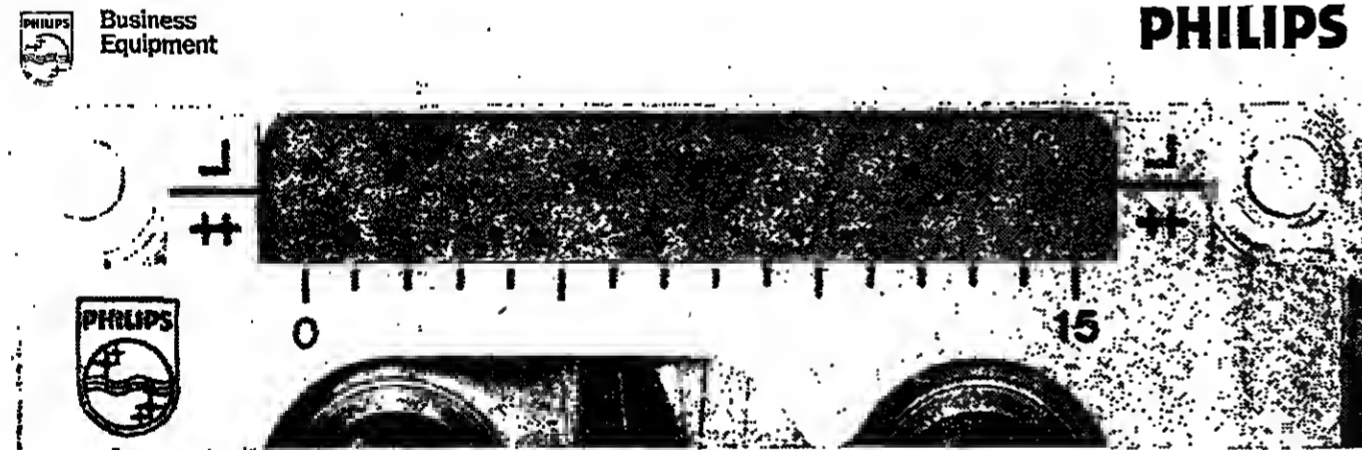
Survey of Occupational Pension Schemes 1978, published by the National Association of Pension Funds, Prudential House, Westley Road, Crofton CR9 8NY. Price 25. Telephone 01-681 2017.

PERCENTAGE OF SCHEMES PROVIDING POST-RETIREMENT INCREASES

Table with 5 columns: Staff Schemes, Works Schemes, Combined Schemes, All Schemes. Rows include Automatic increases, Non-automatic increases, No increases given.

LEVEL OF AUTOMATIC ESCALATION

Table with 5 columns: Staff Schemes, Works Schemes, Combined Schemes, All Schemes. Rows include 2%, 2% under 2%, 3% but under 3%, 3% but under 4%, 4% but under 5%, 5% and over, Matches retail price index.



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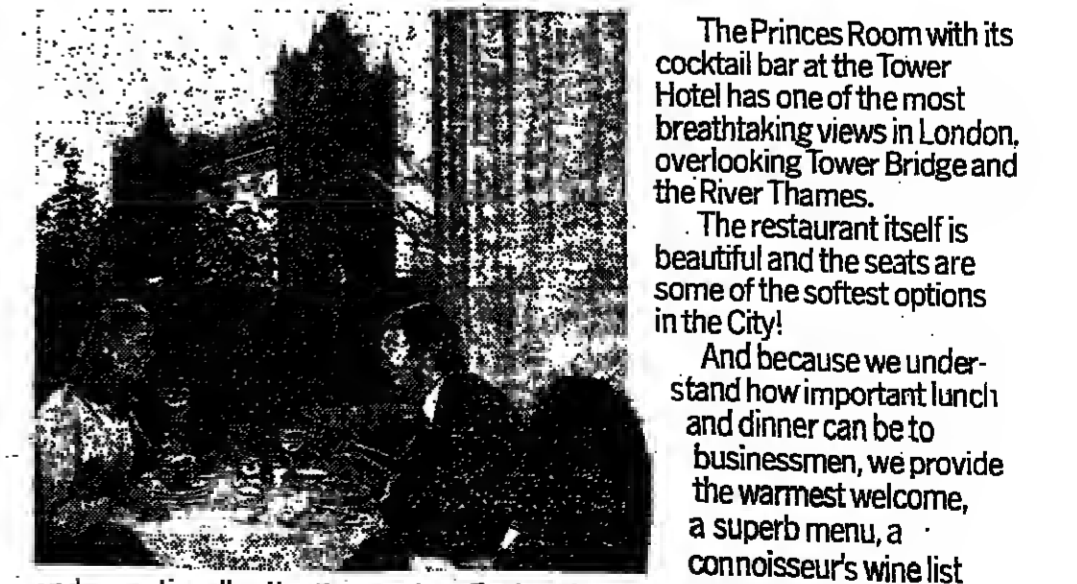
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# FINANCIAL TIMES SURVEY

Wednesday September 5 1979

## Buoyant market for new aircraft

By Michael Donne  
Aerospace Correspondent

THROUGHOUT THE world, "general aviation" is increasing steadily. This is the term given to all aeronautical activities outside military flying and the public transport commercial airline industry (both scheduled and non-scheduled). Thus it embraces passenger charter flying for business executive or other purposes, the use of both privately and company owned aircraft, leisure or sporting flying, and a wide range of industrial aviation applications, such as agricultural flying for crop spraying, supply dropping and pest control, fire-spotting, traffic control, coastguard patrol and other duties.

According to the International Civil Aviation Organisation (ICAO), the aviation technical agency of the UN, during 1978 an estimated 45.9m hours were flown world-wide (excluding the Soviet Union and China) on general aviation activities, of which about 12.3m hours were for instructional purposes, 24.1m for business and pleasure flying and 9.5m devoted to aerial work of various kinds. These 45.9m hours compared with about 13.9m hours flown by the scheduled airlines of the ICAO member States in 1978, although, of course, the general aviation element carried nothing like the 575m passengers carried by the commercial scheduled airlines in that year, because the aircraft employed in general aviation are generally much smaller in size and type than the commercial scheduled and non-scheduled airliners.

But the actual number of aircraft involved in general aviation is huge. According to the ICAO, it amounted to 201,065 fixed-wing aircraft in 1972 (excluding the Soviet Union and China), rising to 264,231 by the end of 1977, with a further growth in 1978, and further expansion again in the current year. In addition, the world's

general aviation helicopter fleet, which stood at 5,000 in 1972, had reached 8,310 by the end of 1977, and rose further in 1978, with another expansion forecast for the current year. The massive fixed-wing aircraft total, of course, includes all the light, single-engine piston aircraft owned privately for leisure and sporting flying world-wide, but especially in the U.S., and at the end of 1977 the number of those amounted to 229,913.

### Estimate

It is impossible to quantify precisely just how many of the total general fleet are correctly designated "business aircraft"—that is, owned solely for business or company use—but one estimate has put the fleet at over 63,000 aircraft. By comparison, the world's commercial air transport fleet at the end of 1978 amounted to some 8,450 airliners of all kinds.

There are now well over 100 different types of aircraft available for general aviation, ranging from the biggest of the multi-engine jets, such as the U.S. Grumman Gulfstream, Lockheed JetStar or Canadair Challenger, down to the smallest trainers like the Piper Tomahawk, while prices also vary substantially, from about \$8m for a Challenger down to about \$16,850 for a Tomahawk. Within that range, therefore, there is something to suit everyone's taste, and hopefully also his pocket, and this is especially the case for companies interested in buying aircraft for business use.

The value of sales of new general aviation aircraft in the U.S. in the first six months of this year reached the record level of over \$1bn. Only four years ago, in 1975, the U.S.

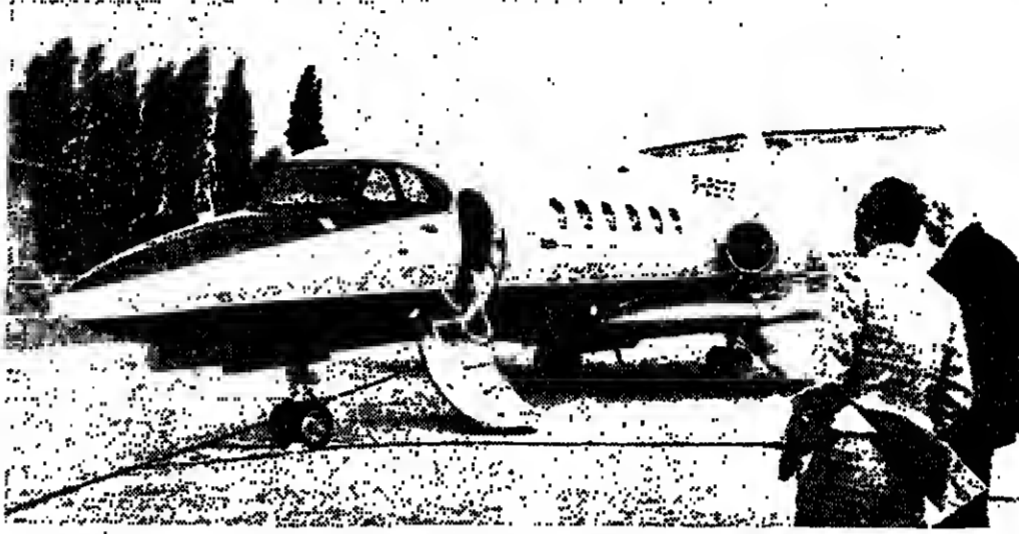
general aviation manufacturing industry reported sales of \$1bn for the entire year. The first-half 1979 figure was up 29.7 per cent over the same period of 1978, when sales were \$823.6m. Shipments of aircraft for the half-year totalled 8,980, against 8,358 in the corresponding period of 1978. The export market was especially buoyant taking 25 per cent of all U.S. general aviation deliveries, or over 2,200 aircraft, compared with 1,857 aircraft in the first half of 1978.

A feature of the sales figures for recent months is the swing towards the turbo-propeller-powered aircraft, because of their fuel-efficiency. The U.S. sales figures, for example, for the first six months of this year show sales of over 330 turbo-prop business aircraft, including no fewer than 149 Beech King Airs, one of the best-selling turbo-prop cabin aircraft in the world today. But the business jets also continue to do well, especially in North America, where in the first six months 184 were sold, with the Cessna Citation being the best seller with 66, followed by the Lear Jet with 49. Sales in the U.S. of the British Aerospace BAe 125 in the first six months amounted to 13 aircraft.

One of the questions asked by would-be business aircraft users is about fuel availability. As with other forms of aviation, fuel supplies have become tighter in recent months, but this is not a serious problem in most parts of Western Europe or North America, provided the would-be user has taken the trouble to contract for his supplies in advance. Problems, however, can arise if fuel is sought on an ad hoc basis, in which case it can be difficult to get and the prices tend to be much higher.

# Business Aviation

General aviation, or the use of light aircraft for business and leisure flying, and aerial work of all kinds, is expanding worldwide, with an estimated 46m hours flown last year. Despite fuel problems, the use of aircraft by companies for executive transport is growing especially strongly, as this week's International Business and Light Aviation Show at Cranfield will demonstrate.



The British Aerospace BAe 125 Series 700 business jet aircraft has proved a great success with companies both at home and overseas, especially in North America. This latest development of the twin-engine BAe 125 (of which well over 400 of all versions have been sold) can seat up to eight passengers in a high degree of comfort but can carry up to 14.

In general terms, the prospective business aircraft user would be advised to operate under the protective umbrella of one of the bigger organisations which provide professional management of business aircraft, and which can subcontract the aircraft to other users when it is not needed by the owner. In that way, the maximum utilisation of the aircraft is achieved, thereby reducing costs, and many of the problems of owning and operating an aircraft are removed, including that of finding crews and fuel, which is easier for large organisations with multiple fleets than for the one-aircraft owners. There are several organisations in the UK which specialise in this field,

and further information can be obtained from the Business Aircraft Users Association. It is a fact, however, that during the previous fuel crisis of 1973-74, while general aviation itself may have experienced a slackening in its rate of growth, business flying as such did not. Instead, it increased sharply—largely because in the U.S. many businessmen turned to the air away from the automobile. This trend has also become apparent in the past year, again especially in the U.S., and the indications are that this is likely to continue. A recent statement by the General Aviation Manufacturers and Traders Association (GAMTA), representing all elements of business and light

aviation in the UK, said that total aviation fuel consumption in the UK amounts to 1,211 bn gallons a year. Of this, by far the biggest amount, about 1,197bn gallons, or 98.8 per cent, is jet fuel used by the airlines and, to a lesser extent, business jet aircraft, with only 14.5m gallons, or 1.2 per cent, being aviation gasoline used by the piston-engine aircraft in the business and light aviation sector. The latter, however, accounted for 96.2 per cent of just over 5,000 general aviation aircraft on the UK register of all civil aircraft. "In other words," said GAMTA "for every gallon of fuel used for all forms of transport, general aviation uses three teaspoons." It stressed to the Government the

need for a continued supply of fuel "if we are to remain competitive in world aviation."

GAMTA pointed out that general aviation in the UK includes over 150 different types of aircraft. There are 143 individual public transport operators of business aircraft, carrying in all over 400,000 passengers a year. Business organisations in the UK together own over 200 corporate aircraft, and the collective turnover of those companies amounts to £48bn a year, of which exports amount to over £8bn. In addition, over 150 schools and clubs train the civil pilots for the future, including those needed by the airlines, while in agriculture, aircraft cover 13m acres of forestry and arable ground every year.

There are many advantages to owning a business aircraft, no matter of what type, size or price. The first is the freedom that it gives to the executives of the company concerned to move around at will, with none of the discomforts to be found increasingly on the scheduled airline networks through industrial disputes, and congestion both on the ground and in the air. There is frequently a saving in money as well as time, for in many cases not only is the cost of scheduled air fares saved but also the cost of ground facilities—hotels, meals and ground transport, especially where overnight stays are necessitated by lack of convenient scheduled airline flights. The privately-owned aircraft is infinitely more flexible than the scheduled airline—there are several hundreds of smaller airfields outside the big airports throughout Western Europe that are open to the user of the fixed-wing aircraft, while the helicopter is an even more flexible tool, able

to land in many more places. A recent study compiled by the U.S. magazine, Business and Commercial Aviation, based on the list of 1,000 top industrial companies prepared by Fortune magazine in the U.S., showed that in 1977 no less than 514 of them were users of business aircraft, collectively owning and operating some 1,773 aircraft. Even more significantly, however, those 514 companies collectively employed nearly 80 per cent of all the employees of the 1,000 companies in the Fortune list, had 84.9 per cent of the total assets, 85.6 per cent of the total net income and 84.8 per cent of the total stockholders' equity.

In other words, a majority of the 1,000 biggest and most successful companies in the U.S. are corporate aircraft owners and operators. Whether these companies are successful because they own and operate business aircraft, or whether they use aviation because they are the biggest and best, is a debatable point, but the statistics undeniably show that the bigger corporations in the U.S. find aviation an indispensable tool of management.

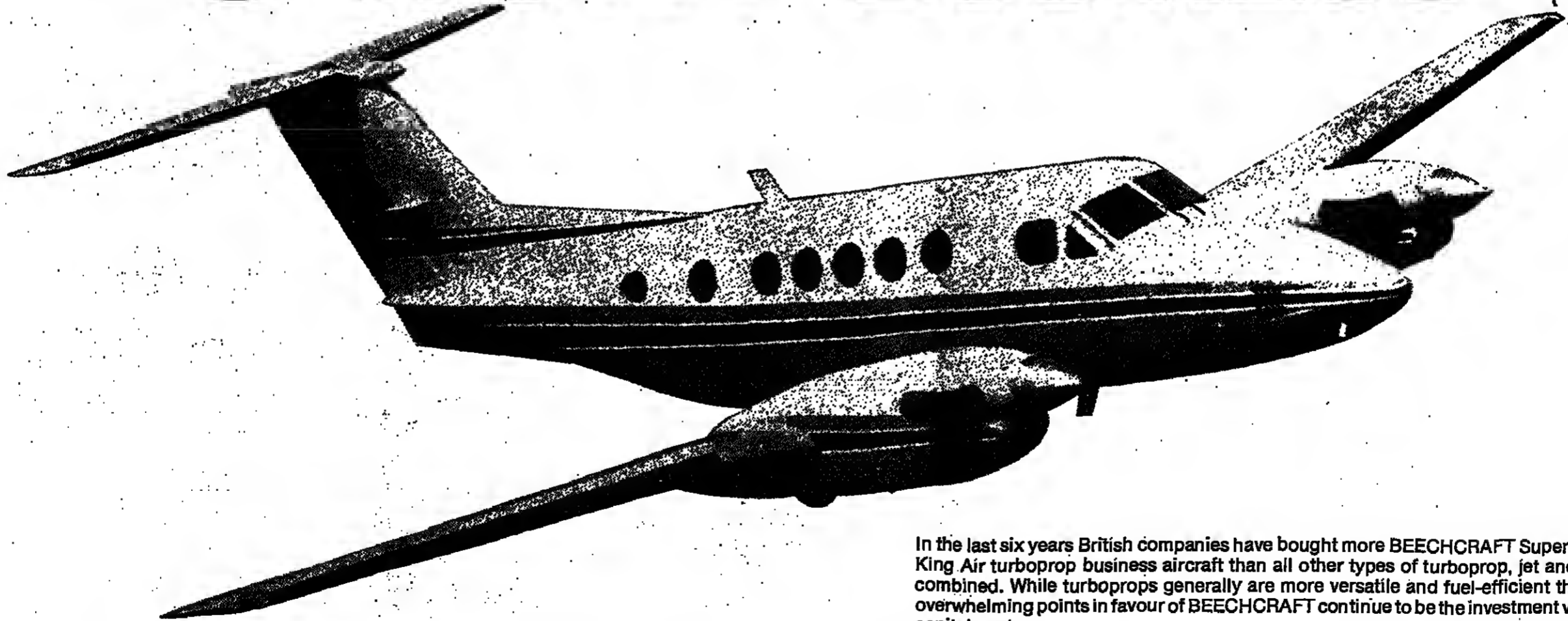
### Simulators

Similarly in the U.S., the General Aviation Manufacturers' Association (GAMA), has pointed out that, when it comes to moving people, general aviation aircraft often use less fuel per seat-mile than larger aircraft. For instance, a Boeing 747 averages 40 seat-miles per gallon, while a six-passenger Piper Lance yields 75 seat-miles per gallon, a six-seat Beech Bonanza 72, while a seven-seat Cessna 307 also achieves 72 seat-miles per gallon.

GAMA says that since the energy crisis first emerged in the early 1970s its members have been working overtime to make their products more fuel-efficient and cost-effective. New turbo-prop aircraft are now up to 30 per cent more fuel-efficient than those of a few years ago; the fuel consumption of jet engines has been improved 40 per cent since their introduction 20 years ago; more flight training is being conducted in ground simulators to save fuel; improvements in airframe design have produced fuel economy gains of between 5 and 20 per cent, while the introduction of "flight management computers" aboard small business aircraft—a major breakthrough in avionics terms

CONTINUED ON PAGE III

# STRICTLY BUSINESS



In the last six years British companies have bought more BEECHCRAFT Super King Air and King Air turboprop business aircraft than all other types of turboprop, jet and fanjet combined. While turboprops generally are more versatile and fuel-efficient than jets, the overwhelming points in favour of BEECHCRAFT continue to be the investment value and low capital costs.

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BUSINESS AVIATION II

# The search for a base

GENERAL AVIATION in the UK is well served by specialist bodies, which at this time of expansion is vital, for many problems are crowding in on this side of overall aeronautical activity in this country. Not the least of them is the need to find a suitable permanent home in London and the South-East for the growing volume of business aircraft movements.

The "Flight International" Directory of British Aviation lists more than 60 bodies of various kinds with responsibility for some aspect of UK aviation. Of these, the biggest and most significant economically, politically and industrially include the Air League, which promotes the understanding of air power and the importance of a vigorous aviation community in this country; the Business Aircraft Users' Association; the Aircraft Owners' and Pilots' Association; the Air Taxi Operators' Association; the Aerodrome Owners' Association; the General Aviation Manufacturers' and Traders' Association; the British Airline Pilots' Association; British Helicopter Advisory Board; the Association of British Aero Clubs and Centres; the Popular Flying Association; the British Gliding Association; the Guild of Air Pilots and Air Navigators (a City Livery company); the Royal Aeronautical Society; and the Royal Aero Club (which looks after record attempts and air racing matters).

The choices for a future business aircraft airfield for London, therefore, can broadly be summarised as: Northolt for limited use, Farnborough if the Ministry of Defence can be persuaded in favour, Biggin Hill if local objections can be overcome, and Stansted if anyone will go there. The association itself would prefer Biggin Hill, which is only 18 miles from the centre of London, and which has a runway more than 1,800 metres long.

While there are other airfields in the south-east—for example Southend Airport and Manston in Kent—these are considered to be too far from London by the business aircraft community.

The whole problem is still under discussion by the association with the appropriate authorities—the Civil Aviation Authority, the Department of Trade, the Ministry of Defence, the British Airports Authority, and various local authorities—but no clear solution has yet been found. But that a solution will be needed is emphasised by the fact that business aircraft movements into and out of the London area are rising by about 10 per cent a year.



The interiors of business and executive aircraft can be vastly different from those of scheduled airliners. This example is of the interior of a U.S. Swearingen Merlin IIB, a twin-turbo-prop aircraft which can seat between six and nine passengers. It is typical of what can be done to make air journeys more comfortable.

## Influence

Between them, these and other bodies—academic, technical, sporting and social—safeguard the affairs of every aspect of business and light aviation in this country. Collectively, they provide a formidable body of aeronautical influence and opinion.

From the business aviator's viewpoint, probably the most significant of these bodies is the Business Aircraft Users' Association which comprises about 60 members, including some of the biggest commercial and industrial organisations in Britain, who have a collective annual turnover in excess of £40bn of which £6bn is in exports. The BAUA, therefore, can speak on behalf of all business aviation users with considerable authority.

It spends much of its time working to ensure that government departments and those civil authorities whose responsibilities include anything to do with aviation are fully aware of the requirements of business aviators.

The most difficult problem confronting the BAUA at this time is that of finding a suitable permanent home for business aircraft in the London area, especially for business jets. The most recent annual report from the association pointed out that with the imminent saturation of Heathrow and Gatwick by the airlines' aircraft movements, the use of those airports by business jets is already limited, and in the not-too-distant future may become more difficult if not almost impossible.

At present, business aircraft are being handled at a number of airfields around London, including Heathrow and Gatwick. But the need for a permanent home, that can be developed into a full-scale business airport, is becoming urgent.

It is likely that, with so many major commercial and industrial companies involved in the BAUA, finance for developing such a base would not be difficult to find once the appropriate site has been found, but this is proving a tough problem to solve.

In the long term, some form of compromise solution may have to be found, with perhaps Stansted becoming the main business aircraft base north of the capital and Biggin Hill the main base south of it. Whether this solution will ultimately prove acceptable to the members of the association, and the authorities involved, however, remains to be seen.

The BAUA is also concerned these objections—the best about the need for a more restrictive

permanent helicopter landing site in the London area, especially one closer to the City than the present Battersea Helipad. Here again, the environmental issues appear to be the major stumbling block, with local communities opposed to helicopters because of noise, despite the fact that the routes are generally along the river, avoiding built-up areas as far as possible.

But there is also no doubt that the decision by the British Airports Authority to introduce an inter-airport helicopter link between Gatwick and Heathrow, albeit temporary until the M25 road connection between these two airports is completed, has done some environmental damage to the helicopter's cause in the Greater London area because of the flights several times a day over built-up residential areas in the south-west outskirts of London, even though the service has proved popular with inter-connecting airline passengers.

This whole issue of environmental objections, largely stemming from the noise made by powered aircraft of all kinds, is proving to be one of the most rapidly developing and intractable of all the problems confronting the whole aviation industry, affecting manufacturers, airports, airlines and general aviation alike. Many restrictions on aviation activity have been imposed by governments and other bodies to meet

It has stressed that communications are the lifeblood of British industry, and that "some aircraft noise has to be accepted if we are to continue to benefit from the use of general aviation aircraft, particularly to increase trade in the EEC to our best advantage."

The manufacturers of general aviation aircraft are continuing to make the necessary modifications to reduce noise levels of light aircraft, and the operators and users are also carrying out their own programmes to educate pilots on flying procedures that reduce noise.

"The regulatory and legislative process to control aircraft noise has now reached a mature stage, and it will be the combined responsibility of the producers, distributors and users of the general aviation product to meet the requirements, bearing in mind the four major interlinked factors of time for technical adjustment, cost, operational efficiency and flight safety," says GAMTA.

GAMTA is also closely monitoring the fuel situation, especially so far as Avgas fuel for piston-engine aircraft is concerned. It has expressed to the Government and to the oil companies the concern of all in general aviation on rising prices for Avgas, and has stressed the need for continued refinery production of this fuel, of which general aviation needs at least 10m gallons a year to survive.

Michael Donne

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# Wide choice of aircraft in competitive market

THE CHOICE of business aircraft available for the executive traveller is enormous. Selection may be potentially baffling, but there is a growing band of specialised companies only too willing to offer advice on the best buy or charter.

Nevertheless, personal preference is likely to play a large part in any final decision about which light business aircraft to use.

Convenience, speed and comfort are all factors to be weighed alongside a detailed cost benefit study of the range of aircraft available.

Speed is likely to be one of the leading factors and, of course, the ready availability of the aircraft to suit the needs of the traveller in a hurry.

The multi-engine, business jet is certainly the fastest way to travel. It may also seem to be the most expensive, but when compared with scheduled air fares this is not necessarily the case, and there is always the unquestionable element of prestige to be included in the final evaluation.

One of the very latest business jets—so new it is not on the market yet—is the Cessna Citation III. This aircraft made its first flight on May 30 from the Cessna Aircraft Company's plant at Wichita, Kansas.

The test flight was on the precise date set by the company two years ago. This is a measure of the determination of the management and workforce as much as the need to remain highly competitive in the rapidly-growing market for business jets.

The basic version of the Citation III, with its crew of two, is designed to carry up to ten passengers, 2,190 miles. An alternative configuration in this version is for the aircraft to carry four passengers and two crew over 2,875 miles.

An extended-range aircraft is also available, with a maximum non-stop range of 3,450 miles with four passengers and the two crew. Alternatively, ten passengers and two crew may use this version for flights up to 2,750 miles.

Cessna engineers designed the aircraft's interior with its crew in mind. The cabin is 13 ft long and 6 ft high—far greater ease of movement for passengers.

The aircraft has a maximum altitude of 51,000 feet—close to the operating altitude of Concorde—can reach Mach 0.81, almost the speed of sound, and has a cruising speed of 540

miles per hour.

Delivery of the Citation III will start in June, 1981, and business travellers wanting to own the long range version aircraft can expect to pay about \$3.49m.

Earlier versions of the Citation have put the aircraft near the top of the world league of business jets sold by May this year. A total of 500 Citations have been sold, accounting for about 18 per cent of the business jet market.

In top place with a total of 902 aircraft sold was the Gates Learjet. Since its first flight 16 years ago, this aircraft has accounted for slightly over a quarter of all business jets sold.

There are nine versions of the Learjet, ranging in price from \$1.65m to \$3.31m. Orders for the aircraft continue to come in at an impressive rate and 23 firm orders for current production aircraft were won by the company in April—the second time in nine months that the company had won more than 20 orders in a single month.

The Learjet Century III series includes the 35A model which can carry up to 10 passengers. This became the 900th Learjet to be sold when McDonnell Douglas, the U.S. aerospace company, took delivery of the aircraft in April.

The aircraft costs about £2m and total of 448 versions had been sold by early August this year. About 350 aircraft, or 81 per cent of the total, were sold as exports, with 85 sold to British interests.

North America is the greatest single market for the 125 jet with more than half, 260 aircraft, sold there since production began in the early 1960s.

The latest version of the Brit Aerospace 125 is the Series 700, powered by twin Garrett-AIRResearch turbos for quiet, economic operation. Ninety of the Series 700 have been sold, with 25 sold so far this year, 16 in the U.S. and Canada and the others in Britain and the rest of the world.

The Series 700 can seat eight passengers each in more space than in a Boeing 737, the maker says. Cabin headroom throughout is 5 ft 9 in. cabin width is almost 6 ft and it is more than 21 ft long.

Typical cabin interiors on the aircraft are equipped for six to nine passengers, although up to 14 can be carried. With eight passengers and 45 minutes of fuel reserve, the Series 700 has a range of 2,650 miles. Maximum cruising speed is 512 miles per hour.

All versions of the aircraft are estimated to have won approximately 12 per cent of the world executive jet market. The British aircraft has sold almost as many as the French Dassault Falcon, of which 470 are in service or on order.

The Rockwell Sabreliner with sales of more than 350, is also popular, with 10 per cent of the market. Over 240 Israeli A/1 Westwinds have been sold, representing 7 per cent of the world fleet and the U.S. Gulfstream II, has approximately 6.5 per cent of the world market from more than 227 sales.

Other competitors in the business jet market include Lockheed with its JetStar, which has almost 6 per cent of the market (with sales approaching 200) and the French Aerospaciale company with its Corvette twin-jet. Forty Corvettes have been sold.

The MBB company from West Germany is also in the field with its Hansa Jet and 34 of the aircraft have been sold for business and executive use.

Although the business jet is the glamorous workhorse of executive flight, there is also a

wide range of propeller-driven aircraft, many of which are on a par with the best jets in terms of comfort. Piston-engine or turbo-prop aircraft have the added advantage, however, of being a much cheaper investment than jets with lower running costs.

At the top end of the range is the Beechcraft King Air 200, which sells in Britain for \$690,000. This aircraft has twin Pratt and Whitney (Canada) turbo-prop engines, a top speed of 335 miles per hour and seating for between eight and 12 passengers. The range is about 2,000 miles at an altitude of 35,000 feet. Earle Aircraft Services, of Leveeend Airport, Watford, is the market Beechcraft aircraft in Britain.

**Turnround**

Other, smaller models of the King Air include the C90 at \$450,000. The C90, also powered by twin turbines, can fly up to 10 people, 1,474 miles non-stop at up to 256 miles per hour.

Beechcraft says the average stage length of most corporate business flights is 345 miles, but the long-range fuel tanks of the C90 enable time to be saved on the turnround. The aircraft can refuel at the home base.

Another specialist maker of commuter-size airliners and business turbo-prop is the Swearingen Aviation Corporation, a subsidiary of the Fairchild Industries of the U.S. Swearingen has a plant in San Antonio, Texas and last year delivered 81 aircraft, more than half for export.

The production rate for the company's Merlin IIB executive aircraft is to be stepped up to meet demand in Europe, Australia and South America. Demand is expected to rise by 30 per cent this year.

The Merlin IIB sells in the U.S. for just over \$1.2m and can transport between eight and 11 passengers at up to 355 miles per hour over 2,620 miles.

The first Merlin IIB to arrive in Europe set a new world class non-stop record in January when it landed in Cologne after flying almost 3,800 miles from New York. This distance is unlikely to become routine for today's executive flyer using his own or a rented aircraft, but the capability is certainly there, adding further flexibility to the options opened by the business airliner.

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# Revenue for the airlines

DESPITE THE rapid growth of private business and executive aviation, by far the majority of all business travellers still use the services provided by the scheduled airlines throughout the world. While the traffic carried by these airlines has tended in recent years to become more leisure-travel orientated, it is estimated that at least one in five of all scheduled-service passengers is travelling on business—which means that well over 100m of the western world's 575m scheduled passengers last year were business travellers. On many routes in North America and Western Europe, the ratio is probably much higher than one in five, although the pattern varies according to season and region—the tendency is for business travellers to predominate in Northern Europe, for example, with holiday and other leisure travellers dominating the southern European scheduled routes, especially in summer.

But sufficient business traffic is available for the world's major scheduled airlines to depend on it for a substantial slice of their revenues. In recent years, some of them have tended, in the rush towards cheaper fares from the mid-70s onwards, to pay more attention to the growing leisure

market than to business traffic. The signs are now that, as fares rise—and are likely to continue to do so—the leisure market may slacken, whereas the business travel market is likely to remain stable or even continue to expand. As a result there is now a tendency for the airlines once again to place more emphasis on wooing the business traveller, for he is likely to remain a steady source of revenue through the 1980s at a time when the leisure travel market could become subject to some unpredictable booms and slumps.

In the view of many business travellers, this resurgence of interest in their welfare is none too soon. Whether the scheduled airlines have been quite as successful as they hoped in wooing the businessman is a matter of personal opinion. It is not difficult to find a business traveller who has a file of complaints about modern-day air travel, from the delays at check-in to poor quality service on board, delays at baggage reclaim halls, poor overall responses to complaints, and above all, a poor punctuality record by many operators.

The businessman's problem, of course, is that on many international air routes, his choice of alternative carriers is severely limited—in many cases, he only has two, and in Western Europe they usually are the main flag airlines of the countries at each end of the route, working in partnership, and pooling revenues and profits on a given route, although they are ostensibly "in competition" with each other.

A much greater element of "deregulation," leading to greater competition, especially on the short-haul air routes of Europe, both to and from the UK and internally within Europe itself, has long been argued by many businessmen as one way to stimulate a higher quality of service, and perhaps also reduce fares. To be fair to some major airlines, such as British Airways, efforts to get fares down have been made in recent years, especially during this past year, with the introduction of cheaper "public excursion rates," but there is still a widespread feeling that fares in Western Europe are still too high by comparison with some transatlantic rates.

The applications by some of the UK independent airlines, such as British Caledonian, Laker Airways and British Island Airways for licences to serve many more cities on the Continent from Gatwick Airport may well prove a boon to many

business travellers, especially those living in the Gatwick Airport catchment area. Whoever is the winner in that contest—and it is unlikely that all the contestants will get all that they want—the result can only be eventually beneficial to the traveller in increasing the number of available services, thereby increasing competition, raising the quality of service, and hopefully also expediting cuts in fares.

desired in terms of both elbow and leg-room. Once back on the ground, the pressures on immigration and customs staff appear to have reached the point where it is futile to expect a speedy passage through what are—or should be—mere formalities for those in possession of the proper documents. Baggage reclaim is a problem the world over—Heathrow's Terminal Three is notoriously the worst in Western Europe, although it is possible to find some terminals in other parts of the world that are just as bad. At Heathrow, transport into town is now much improved with the new Underground rail link into the Central Area, although the trains do become crowded in rush hours, and there can be no doubt whatsoever that the carriages do not provide sufficient baggage space.

All of these problems, collectively, have helped to drive more and more businessmen to the private aircraft sector. But sufficient of them remain to make it worth the airlines' while to improve the quality of their services. What are they doing about it?

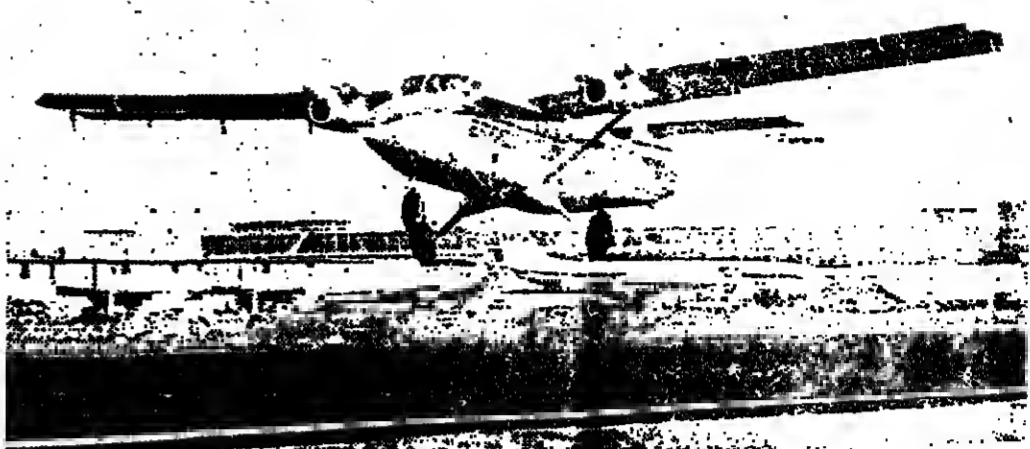
## Buoyant CONTINUED FROM PAGE 1

is producing significant reductions in flight times, which means less fuel burned. Thus while it is accepted in the general aviation community that fuel prices will continue to rise, and probably steeply, carrying scheduled air fares with them, the gains from all these and other developments in aviation technology will continue to help offset those increases. So general aviation, especially for company purposes, will continue to be a good bargain for would-be executive aircraft users.

But it is necessary, finally, to add a word of warning. Buying and flying a company aircraft is not something to be undertaken lightly, and careful research into the best type of aircraft for a particular company's activities is essential. Too often in the past companies

have gone into aviation solely because of the glamour of owning an aircraft rather than because it can prove a useful additional tool of management. As a result they have become disenchanted, even disgruntled, and have withdrawn in dismay, without achieving any of the benefits so tantalisingly held out.

But those benefits do exist, provided they are sought with care, and specialist advice is available from a wide range of organisations in the UK, including the Business Aircraft Users' Association, the General Aviation Manufacturers' Association, and the British Helicopter Advisory Board. After all, more than half of the companies on the Fortune list



Brymon Airways, one of the most successful of the smaller airlines in the UK, uses the versatile de Havilland Canada Twin Otter on its services between Gatwick Airport (London) and the West Country and Scilly Isles. With its short take-off and landing (STOL) capability, the Twin Otter is one of the world's most popular light aircraft, with well over 600 sold so far, and production was recently raised to six a month by DHC to keep pace with demand.

The airlines, especially those on long-haul routes, have also moved to meet the complaints from many businessmen—especially from the increasing number who cannot afford to pay first-class fares—of finding themselves sitting next to passengers who have paid substantially less for the same journey and standards of cabin service. Most long-haul airlines now offer what are in effect special compartments for businessmen or other frequent travellers, paying the higher fares. These are called by various names, but in essence they are to ensure that the cabin immediately behind the first-class cabin on the 747 Jumbo jet is kept exclusively for the business travellers.

Where possible, depending upon passenger loads, the airlines try to give the business traveller more elbow room by keeping, say, the middle seat of a three-abreast row free. In those sections, the standards of meals is higher, and the quality of in-flight service also of a higher standard. The aim is to try to create an atmosphere that is quieter, and make sure that families with small children are not seated too close to the executive cabin, so that on a long flight a business traveller can work if he needs to.

On the ground, many airlines offer a wide range of other inducements to the business traveller. British Airways has been particularly assiduous in this, and now has a surprisingly large array of services to help the businessman if he cares to ask. These include, for example, what the airline calls "spouse specials"—the ability to take the wife (or husband) along at half the return fare—while through its associated hotels world-wide it is possible to get reduced rates if the businessman is a member of the airline's Executive Club.

### Congestion

These "executive clubs" are also a growing feature of scheduled airline life, offering quiet lounges at major airports in which to wait for flights, and providing priority seat allocation systems in some of them. As a result, membership is widely sought, but it carefully awarded only to those who are either first-class passengers or can prove they are frequent travellers aboard the airline concerned. In some cases, because of congestion, which defeats the object of the exercise, some airlines have to turn away from these lounges even frequent travellers who are on economy class tickets. The answer, of course, is for the airline concerned to install a bigger lounge, but this is not always possible in the present restricted space of many airport terminal buildings.

The British Airways facilities for businessmen also include such things as office facilities in many major cities, provided in association with Worldwide Business Centres; and day-drive arrangements with car hire companies world-wide; while its health service at Airways Terminal in London can be a boon to hard-pressed businessmen seeking vaccinations in a hurry. The airline also provides behind-the-scenes assistance to the businessman, in helping with advice on setting up conferences, trade fairs and exhibitions, subsidising guides to the destinations it serves, and runs an incentive-travel bureau that can tailor incentive schemes to meet individual companies' requirements in spurring staff on to greater efforts.

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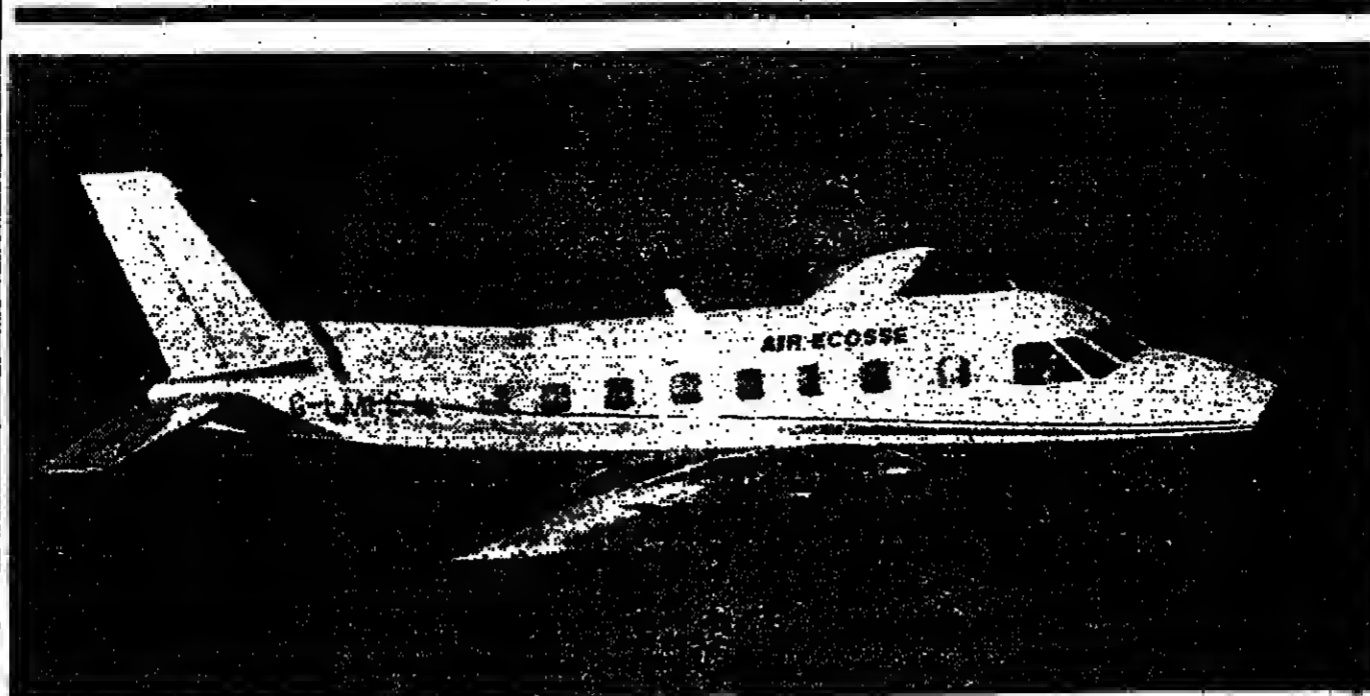
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# Costs of flying highly variable

THE COST of running any private aircraft, either fixed-wing or helicopter, is derived from the combination of two sets of charges—fixed annual costs and hourly operating costs.

The fixed annual costs include depreciation on the aircraft, insurance, hangarage charges, scheduled maintenance charges, and miscellaneous charges such as the cost of renewing the Certificate of Airworthiness, and crew salaries.

The hourly costs arise directly from the use of the aircraft, and include fuel and oil (usually the biggest single item), running maintenance and regular overhauls including the cost of spares as well as the need for them, and such other items as landing fees and en route navigation charges where these become payable.

The combination of these two sets of figures provides, on an hourly basis, the overall total operating cost of the aircraft, which reduces the more hours the aircraft is flown.

Against all these costs must be set, however, the potential savings which may come from the instant availability and operational flexibility of a private business aircraft—while there is also a tax relief benefit accruing from the use of a company-owned aircraft.

In the first instance, though, it is the capital and operating expenses which will dominate any evaluation of the growing range of business aircraft. Business jets are generally the most expensive, but luxury turboprop aircraft—almost miniature airliners—can cost almost as much to buy, although they are cheaper to operate.

The cost of the aircraft available in the UK ranges from over £3.6m for the French Dassault-Breguet Mystere-Falcon 50 to about £16,000 for the Piper Tomahawk basic trainer. The Falcon, however, is exceptional among the world fleet of business jets in being powered by three engines. These give the small 10-passenger airliner a range of almost 3,000 miles.

A more typical and certainly successful example of the current range of business jets is the British Aerospace 125 Series 700 turboprop executive transport. This seats eight passengers. The average fully-equipped cost is \$3.75m, and the total hourly operating cost, according to the company's U.S. brochures, is \$474.48.

In sharp contrast, the £16,000 Piper Tomahawk, which of course does not have the capacity or performance of the business jet, can be operated with total hourly costs of £16.20.

CSE Aviation of Oxford Airport has sold 60 Tomahawk two-seat trainers since the aircraft was introduced to the UK in the spring of last year. The company is also agent for a number of other U.S. general and business aircraft makers, including Gates Learjet, which has sold over 900 of its Learjet luxury business aircraft.

The Model 35A Learjet costs \$2.3m in the U.S. CSE Aviation figures for the aircraft's operating costs, show that it costs £294.63 to fly the aircraft for an hour. The greatest component is fuel, which costs over £35.

At the top end of the non-jet business sector are aircraft such as the twin-engine Beechcraft Super King Air 200. The aircraft has a range of about 2,000 miles and can seat up to 12 passengers.

The aircraft costs £737,725 excluding VAT and is available from Eagle Aircraft Services, of Learesden Airport, Watford.

The total hourly operating costs of the aircraft range from £247.17 based on 800 hours flying each year to £211.50 based on 1,000 hours annual flying.

A wide range of other aircraft are also available for the business user. Costs are highly variable, and depend on aircraft size, performance and engine type as well, of course, as the

proportion of available time the aircraft is used.

Also available, at about \$580,000, is the Bandeirante commuter airliner from Embraer of Brazil. The aircraft seats up to 18 passengers. The hourly operating costs, based on 1,000 hours flying a year, are estimated at £56.50. Sales of the aircraft in Britain are handled by CSE Aviation and there have been 15 firm orders from British customers, including Air Anglia, Air Ecosse and British Island Airways.

Further down the size, and price range is the Piper Navajo Chieftain, which costs approximately £180,000. Cost per flying hour varies from about £170 for 300 hours' utilisation down to about £99 for 700 hours' use a year.

CSE Aviation also handles a wide range of other Piper aircraft, including the six-seat Seneca light-twin, which is selling well at about £85,000; and the Cherokee Warrior, a four-seat club touring aircraft, at about £25,000. Among the helicopters, CSE handles Bell, and by the time of the Canfield show will have sold its 100th Bell helicopter since it took on the dealership in 1971. The Jetranger five-seat turbine helicopter is still popular at about £180,000, and six have been sold this year. The biggest, seven-seat LongRanger sells for about £250,000.

But the helicopter of the 1980s seems likely to be the new Bell 222, with the first delivery to the UK likely in early 1980 at a price of about

£550,000. Provisional operating figures show a likely cost per hour of about £358 on an annual utilisation of 300 hours, reducing to about £160 on a utilisation of 1,000 hours.

The costs of business flying, then, are highly variable, ranging from the considerable expenses of the lavish business jet to the moderate costs of the smaller piston engine aircraft.

But against all the costs should be set potential savings from reduced dependence on scheduled airline timetables, reduced airport waiting time and generally better use of an executive's time. Added to all these factors is the unquantifiable asset of enhanced prestige.

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A West German Messerschmitt Bo-105 of British Helicopters Airways lands on the roof of a City office block. This unique aircraft can seat four passengers and has a range of about 350 miles with a cruising speed of about 150 mph.

# Helicopters: like an airborne car

WHILE THE majority of flying business executives currently tend to use fixed-wing aircraft the advantages of the helicopter are also well worth considering. Because of its ability to take off and land almost vertically, the rotary-winged aircraft, whatever its size can get into and out of far smaller sites than any fixed-wing aeroplane, which makes it a far more flexible vehicle operationally.

It does not need extensively prepared runways, and almost any clear patch of ground reasonably free of surrounding obstacles, can serve as a landing platform.

Moreover, provided the owner of the proposed landing area has previously given permission, the helicopter is able to land anywhere, although if the landing site is in a public place the police and fire authorities must also be informed in advance. For landings in private premises, however, the helicopter is virtually in the position of being an airborne car, able to go almost anywhere.

This flexibility, allied to the substantially improved economics of the civil helicopter over recent years, and the growing number of new types available ensures that it has a growing future as an executive aircraft. All airfields in the UK that are open to fixed-wing aircraft can also accept helicopter movements, although at some of them, such as London Heathrow, prior permission to land is necessary, and other special arrangements may also apply.

The British Helicopter Advi-

sory Board, set up in 1969 by the various UK helicopter interests to promote the use of helicopters in Britain, can provide a detailed list of available helipads and helistops, together with much other information of value to potential helicopter owners and operators. The Advisory Board is a non-profit making organisation, which provides an authoritative voice speaking for the entire helicopter industry in Britain, and whose primary objective is to encourage the use of helicopters. With its headquarters at Redhill, Surrey, not far from Gatwick Airport, the Advisory Board's members range from manufacturers of helicopters through to operating companies and private owners, who own in all more than 370 helicopters of all kinds.

### Charter

For the businessmen or companies who do not wish to buy their own helicopters, it is possible to charter such aircraft at reasonable rates, for passenger and cargo transport, or even for industrial applications of various kinds. There are over 30 companies in the helicopter industry which offer aircraft for charter work.

The available fleet ranges from the largest types, such as the 24-seat Sikorsky S61N (a twin-turbine engine aircraft operated extensively by such companies as Bristow Helicopters

and British Airways Helicopters, the two biggest operators in the UK, and among the biggest in the world), down to the smallest and lightest single engine types such as the Eurocopter Shark, Hiller 12, and Hughes 300, all of which seat two passengers and a pilot.

In between, there is a wide range of helicopters to suit virtually every requirement, including, for example, the four-to-five seaters such as the Hughes 500D, Bell Jet Ranger and Westland Gazelle; the larger Aerospatiale Squidrel and Bell Long Ranger; and the nine-to-ten seater Aerospatiale Dauphin, all of which are single-turbine engine aircraft. Among the twin turbine engine types are the West German Messerschmitt-Bölkow-Blom Bo-105, seating four to five; the Italian Agusta 109 Hirundo (Swallow), seating seven-eight; and the Aerospatiale Dauphin 2, and Bell 212, both seating nine passengers.

At the bigger end of the scale, there are the twin-turbine engine Sikorsky S-76, seating 12; the Sikorsky S58T, seating 18-19; the Westland Wessex, 12 to 17 seats; and the Aerospatiale Puma, with 19-21 seats. The cruising speeds of all these helicopters vary, but in general terms, for the smaller, lighter aircraft they are around the 100 mph mark, with ranges up to about 300 miles. As the aircraft becomes larger, the cruising speeds rise to around the 150-160 mph mark, and the range goes up to between 300

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BUSINESS AVIATION V

Air taxis offer flexibility

FOR BUSINESSMEN or companies who do not wish to buy and fly their own aircraft, there are more than 50 air taxi operators in the UK who are able to provide a wide range of services to meet virtually every requirement.

Between them, they employ a fleet of more than 250 fixed-wing and rotary-winged aircraft, ranging in size from the small, twin-engined four-seater Piper Apache up to the 48-seat Dart Herald airliner.

The flexibility offered by the air taxi for businessmen in a hurry is illustrated by the fact that whereas the scheduled airlines are confined to the main airports in the UK, there is a large number of smaller airfields suitable for business and light aviation, while other, more basic "airstrips," are available for use by the smaller types of aircraft.

Savings Air taxis do not need the sophisticated ground handling equipment that is necessary for the bigger airlines, and therefore they frequently can offer substantial savings in time for busy executives.

Safety is a point often raised by those not accustomed to this type of light aviation. It is important for would-be clients to remember that the aircraft are maintained and flown according to strict rules laid down by the Civil Aviation Authority, and crews are required to meet the same standards of professional qualifications as those of the airlines.

with much of the same equipment as the bigger airliners—such as two-way radio, radar and navigation aids—so that they are, in effect, mini-airliners.

The high standards of operational expertise and safety required by the Civil Aviation Authority cover all air taxi operators in the UK. But, in addition to these requirements, the Air Taxi Operators' Association itself, which was set up some time ago to promote this form of aviation in the UK, requires all its members—more than 40 companies in the UK—to operate according to a strict code of conduct, in which the standards required are in many cases higher even than those required by law.

This does not imply that companies which are not members of the association are in any way less safe to fly than those which are in the ATOA, but it does mean that association members have not only satisfied the Civil Aviation Authority, but also met a tough set of rules laid down by their fellow-operators to ensure safety at all times.

Because of the widely differing nature of the aircraft used by the air taxi operators, it is impossible to be specific about costs. Broadly speaking, the cost of chartering an air taxi for passengers and/or freight is based mainly on the flying time involved for the return journey, plus additional charges for necessarily incurred expenses such as airport landing and handling fees, and night-stop expenses for the pilot and aircraft whenever these may be required.

When this fact is set against the cost of scheduled air fares for the same number of passengers, together with other incidental costs frequently incurred for scheduled journeys (especially if there are delays to scheduled flights), the convenience of air taxis becomes apparent. Individual air taxi operators are ready to quote

rates to prospective customers at any time.

In addition to chartering out aircraft for individual tasks, many air taxi operators in the UK are also ready to quote for regular commissions over periods of days, weeks or even months. Some of them also undertake aircraft management, so that companies which do buy their own aircraft can have them operated and maintained by a professional air taxi operator, which obviates the need for the owner to provide his own crew, or to become immersed in the day-to-day minutiae of aircraft ownership.

Agreements

Another useful aspect of this latter service is that (with the owner's approval) the air taxi organisation concerned can often make good use of the aircraft on other charter tasks when it is not being used by the owner.

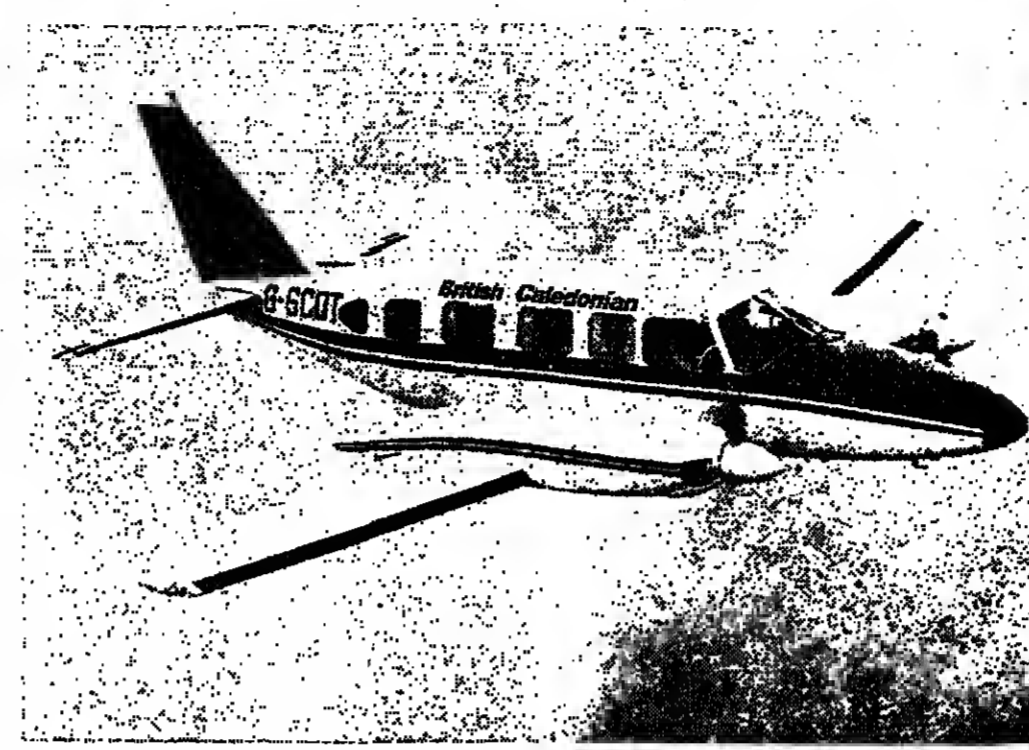
Many air taxi operators also have agreements, through the ATOA, with major scheduled airlines such as British Airways, Lufthansa, Swissair, Qantas and others, whereby air taxis can be provided at major airports specifically to meet scheduled flights, to take executives on to other destinations and bring them back.

The aspiring user can make his air taxi booking at the same time as he makes his airline seat reservations. Air taxis, moreover, are not only available to carry passengers. They can also carry freight, and also be used (within the capabilities of the individual aircraft) for a wide variety of aerial work, such as photography, surveying, and sightseeing by tourists, to name just a few tasks.

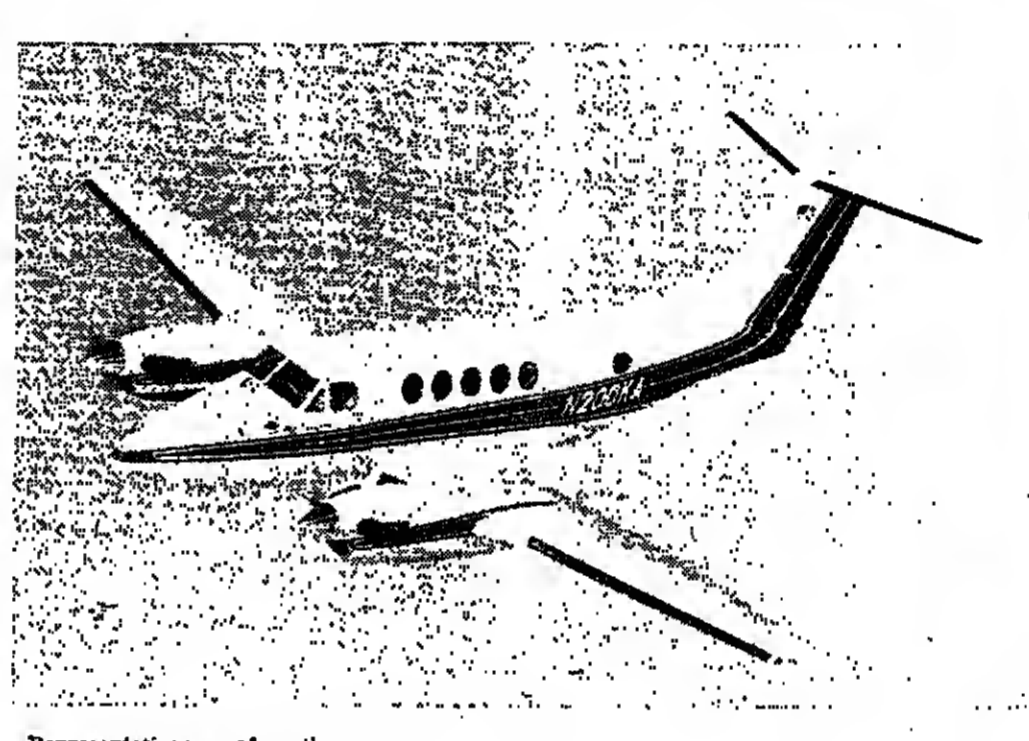
Some significant recent uses for air taxis include carrying bullion between the UK and the Continent, the extreme secrecy of such operations ensuring safety against theft; carrying vital spare parts for ships or machinery on the Continent; the direct carriage of large quantities of contract documents for major engineering contracts and tenders to ensure their safe arrival on time; and emergency transfers of sick people to hospital in the UK.

Almost any task that one cares to name has been carried out by air taxi, so that no request is likely to surprise any air taxi operator today.

The Air Taxi Operators' Association itself, having grown to more than 40 member-companies, has recently appointed a new full-time chief executive, former RAF Group Captain Larry Flowerdew, who will be based at the association's new headquarters in Hamilton House, 39 King's Road, Haslemere, Surrey.



The U.S.-built Piper NovaJet twin-turbo-prop aircraft (above) is suitable both as a small airliner for short-haul routes and as an air taxi for executive charter work. It can seat six to ten passengers. Piper Aircraft are distributed in the UK by CSE Aviation of Oxford Airport, Kidlington. Below: The Beechcraft Super King Air twin-turbo-prop is also popular for business travel. It is widely used, especially in the U.S. and Western Europe. Sales of the aircraft have been increasing in the UK. Beech Aircraft are distributed in the UK by Eagle Aircraft Services of Leamstead.



Representatives of the association will also be available at the Business and Light Aviation Show at Cranfield, from September 6 to 8, at which the association will be sponsoring a seminar on September 7 to discuss the future of air taxi operations in the UK. L.McL.

Helicopters

CONTINUED FROM PREVIOUS PAGE

and 450 miles, according to type. The latest-range helicopter available is the new Sikorsky S-76, which has a range of 460 miles and a cruising speed of up to 167 mph—a formidable addition to the helicopters available for offshore oil support duties, and for general business and executive aviation.

Also on the way, however, is the big commercial version of the U.S. Boeing Chinook military helicopter, a twin turbine-engined giant, due for certification in 1980-81, that will be able to carry up to 44 passengers over distances of 650 miles, or a payload of 12½ tons. This aircraft has already been ordered by British Airways Helicopters for its North Sea oil support operations, where it is likely to revolutionise the transport of men and supplies to and from the rigs.

Other new types of helicopter on the way, and expected to be on the UK civil register in 1980-1981 include the new Bell 222, a twin turbine-engined aircraft seating 8-10, with a range of 480 miles and a speed of up to 170 mph, and the new Eurocopter Hawk, a four-seat aircraft with a range of about 255 miles and a cruising speed of up to 117 mph.

The cost of buying and flying helicopters is less than many would-be purchasers might imagine, comparing favourably with many fixed-wing aircraft. The total operating cost of any aircraft is composed of two major elements—fixed costs and direct costs, which together give the hourly operating costs. The fixed costs are those which accrue whether or not the aircraft is flown, and include such items as depreciation, insurance, annual mandatory maintenance, and such items as crew costs, fees for rental of Central Office of Airworthiness, hangarage charges, cleaning and the costs of technical manuals, logs, tools and so on. The direct costs are those which accrue as a direct result of using the aircraft, and include such elements as fuel and incidental maintenance arising from the regular use of the aircraft, including provision of spares and the

replacement of time-expired components. The more an aircraft is used, the greater the number of hours over which the costs can be spread, so that the cost per flying hour comes down. For example, a new Eurocopter 280C Shark (distributed by Spenser Aviation of Shoreham), a single turbo-charged engine three-seater, costing about £65,000, would cost about £90.31 an hour to operate on an annual utilisation of about 200 hours, but for an annual utilisation of about 600 hours, the total hourly cost comes down to about £33.59, and for an annual utilisation of 1,200 hours it comes down even further to little more than £24 an hour.

Charter

Similarly, CSE Aviation, of Oxford Airport, estimates that for a Bell JetRanger 206B Series III (one of the most popular four-to-five-seaters now available), with an initial cost of about £150,000, the total hourly operating cost is about £110 on an annual utilisation of about 300 hours, but only about £73 on an annual utilisation of 600 hours. For the new Bell 222 twin-turbine-engined helicopter, the purchase price is about £200,000, with an hourly cost of about £360 on a utilisation of 300 hours, but only an hourly cost of about £166 on an annual utilisation of 1,000 hours.

Details of helicopter purchase and operating costs must be assessed against the extent to which the aircraft is to be used by the company concerned. But even on the basis of the figures shown, it can be seen that when alternative travel costs—scheduled airline fares, hotel bills and other incidental charges—are taken into account, together with a factor for the time saved by an executive in using this type of aircraft, the helicopter is at least worth considering when any commercial organisation is thinking in terms of getting into business aviation. M.D.

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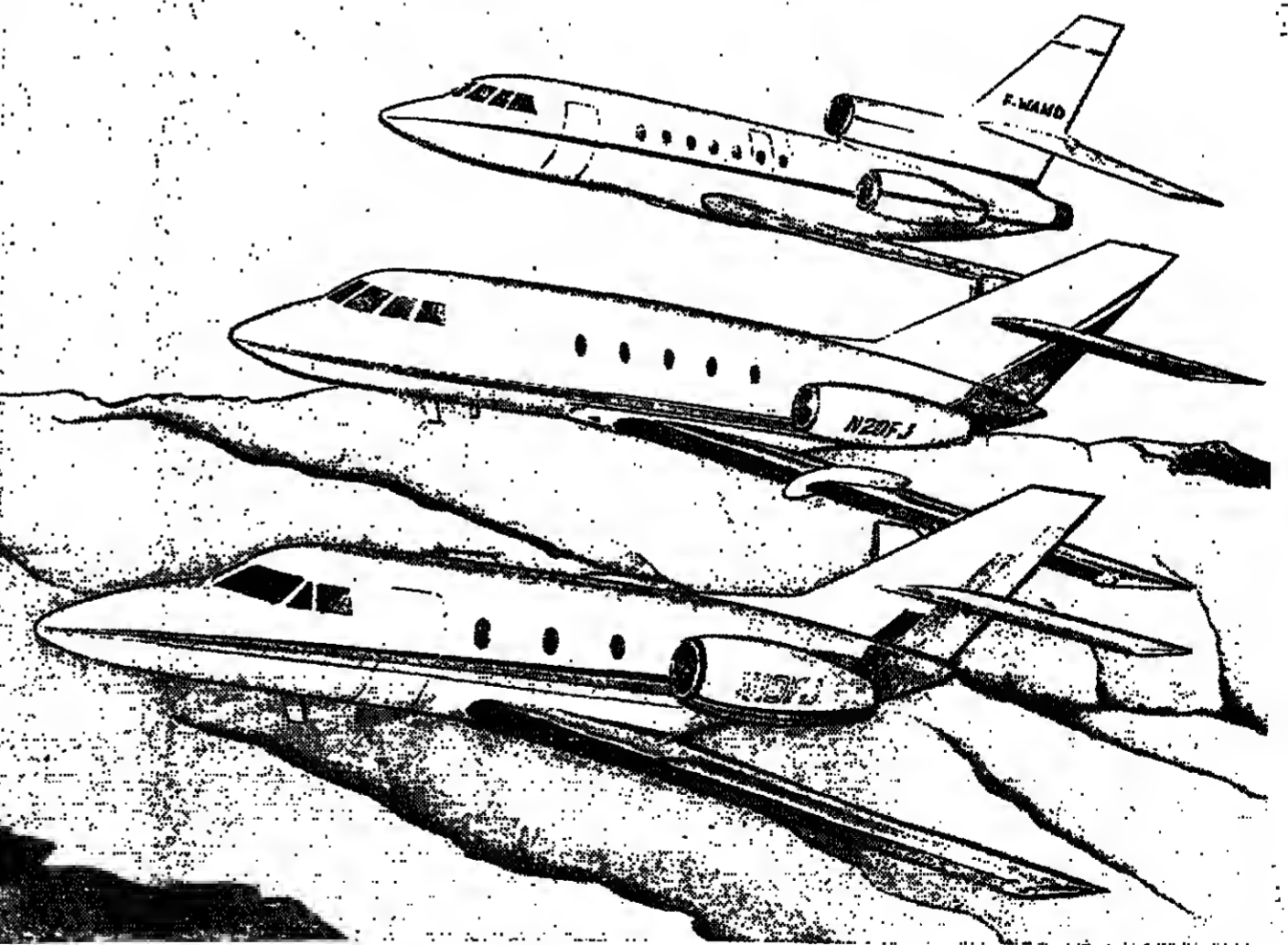
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20 LOMBARD

The case for a British PWR

BY DAVID FISHLOCK

ABOUT 80 miles from the white cliffs of Dover, midway between Calais and Dunkirk, an ex-spectively wrought piece of French engineering is nearing completion...

Six reactors

By 1982 Gravelines is expected to be producing 3,600 MW of electricity—more than any British power station...

The industry is cautious because it expects a tough fight to get its plans approved...

Chauvinist

The real fight, however, may not be in the public inquiry but in getting the House of Commons to endorse findings...

EARLY September is a season when gardeners tend to take stock, plan their orders for spring bulbs and wonder how to do better next year...

GARDENS TODAY

BY ROBIN LANE FOX

It looks forward to other things in autumn, the brilliant blue shrub called ceratostigma, the pinks of nerine lilies which go so well with powdery-blue caryopteris...

Rediscoveries

Few are new discoveries. Like almost all explorations, they are simply re-discoveries, being other countries' wild flowers...

Hills' stable looks set to hit form

NO LEADING trainer, with the exception of Peter Walwyn, has been worse hit by the effects of the virus this season than Barry Hills...

RACING

BY DOMINIC WIGAN

Hills could well pull off a long-priced treble at York. Galaxy Libra, returned by his stable at 145,000 guineas...

Catalogues give an exaggerated view of its flowering season, as if almost everything else which they try to sell...



Calamintha alpina

Ruthenica is the most solid and has good dark grey leaves below stems which pale yellow flowers add like a superior thistle-head...

DELPHINIUMS

Summer seems to me to be a time for far stronger colours, flame-red lily enchantment and deep navy-blue delphiniums...

ENTERTAINMENT GUIDE

THEATRES ST. GEORGE'S THE ONLY ELIZABETHAN... OPERA & BALLET COLISEUM... GARDENS TODAY... DELPHINIUMS... HILLS' STABLE... CHAUVINIST... TV RADIO... F.T. CROSSWORD PUZZLE No. 4065

TV Radio section listing programs like Wildtrack, News, and BBC 1.

RACING section listing various race events and results.

F.T. CROSSWORD PUZZLE No. 4065 grid and clues.

BBC 2 and Radio Wavelengths section with program listings.

EUROBONDS section with an advertisement for International Bond Dealers.

ENTERTAINMENT GUIDE listing various theatrical and operatic performances.

ACROSS and DOWN crossword puzzle answers.

RADIO 3 and Radio 4 section with program listings.

The Financial Advertisement Department with contact information.

ART GALLERIES section listing exhibitions and galleries.

مركز انالذ صول

THE ARTS

Royal Lyceum, Edinburgh

Heartaches of an English Pussycat

by B. A. YOUNG

Peines de coeur d'une chatte anglaise, as enjoyable a show as I have seen for years, is extracted from one of Balzac's stories in Public and Private Lives of the Animals. It tells of the upbringing of a young white kitten, Beauty, who comes to London from her modest home in the provinces...

There is a fine dance for a butterfly (Jardine Nicolin, who is also Arabella).

But Beauty, Puff and Brisquet quite rightly remain cats, and they are played with wonderful subtlety by Mariño Marini, who is also responsible for the choreography, Horacio Pedrazzini and Facundo Bo. The scenes are by Emilio Carcano...

The way in which the company blends animal movement with human behaviour is magical, and if it is not always easy to know who is man and who is beast, this is precisely Balzac's point.

Each creature is played in its special image. Puff, with his Life Guards uniform, is a fox. There is a mouse called Ernestine (Raquel Ruzhietra) who graduates from legitimate prey to exhibit in the English campaign for kindness to animals...

Television

Clap hands, here comes Esther

by ANTONY THORNCROFT

At 5.30 on Saturday afternoon Esther Rantzen, imperious in pink detached herself from her self-effacing male sidekicks to take up her hectoring chair, centre stage. The applause was loud and long, as it should have been.

Of course new programmes are really the same programmes with everyone involved just a few months older. Esther has got round the problem of innovation by discovering children.

With items in quick succession on the worst singing granny in the country, a hurdlng hamster, and a competition to find the greatest amount of rubbish lost inside a sofa, there was no way of escaping from the toothsome fun.

the haton to another hardy annual, Dr. Who. His new four-parter is written by Terry Nathan which means it should be one of the Doctor's more imaginative adventures, although the opening episode included all the stock situations of the past decade...

There can be few complaints about BBC transmissions on Saturday. Channel One continued on its undemanding way with The Generation Game reaching new heights of ineffectual amateurishness...



Tom Baker and Lalla Ward in the first episode of a new series of "Dr. Who"

an ending which was a literal life and death cliff-hanger, for Thomas Perri still waits on Death Row for "Old Sparky," the electric chair for which he was set up by his fellow villain, Stephen Weiss.

From human drama to international tragedy: News 39, a nightly look at how the BBC might have presented the news in the week leading up to the War, was curiously cosy, making the event seem more distant and historical than it can be for many of the audience.



Jérôme Nicolin and Mariño Marini

St. Augustine's, Kilburn/Radio 3

English religious music

by DIANA McVEAGH

Monday's Prom, the first of two comprising English ecclesiastical music, set one thinking of the fruitful relationship in this country between Churches and universities.

and making of the last a moving and formal conclusion. Ian Partridge was good at suggesting weariness and strain without ever losing musicality.

Singers and their conductor John Poole's best performance of the evening; all the aphoristic phrases were cut and shaped precisely; nothing was raw, but everything brilliantly edged.

Kenneth Leighton's work was his short cantata Crucifixus pro nobis to poems by the 17th century Patrick Carey and Phineas Fletcher. In it Leighton speaks directly and clearly, perhaps a little obviously in the second movement, but finding in the first and third a distinctive combination of imagery and line.

Philip Hope-Wallace. The Guardian critic Philip Hope-Wallace, who died on Monday aged 87, had been writing criticisms for more than 40 years.

gant and slightly acid, and filled with unlooked-for buckets of learning, must surely have been our day's equivalent of the legendary talents of Oscar Wilde. He will be much missed by many others besides his readers in the Guardian.

Old Vic

The Government Inspector

by MICHAEL COVENEY

For so hardy perennial a comedy, Gogol's masterpiece is surprisingly rarely seen in London. Alec Guinness played the impecunious clerk who is taken for, and then assumes the role of, a Government Inspector at the Old Vic in 1948.

but little sense of full-blooded glee once the charade has been entered upon. Mr. Richardson's voice is, as ever, full of surprises. It ambles along then tightens dangerously in an upper register before plummeting gloriously to a bass bravado.

The result is that you have a production that is decked out with invention rather than pulsating with it. Mr. Richardson's drunken black-out before the assembled dignitaries is anti-climactic rather than hilarious, while his wooing of the Mayor's daughter and wife is played merely as a devious piece of trickery instead of as a bloated scene of double seduction.

Arts news in brief

Sir Charles Groves, 63, musical director of the English National Opera, is not to renew his contract when it expires in June, 1981. The company has announced Sir Charles has said his decision is "due to ill-health earlier in the year."

production of Arabella in 1980 and Wozzeck is among new productions planned for 1981. Elise Ruse has asked to withdraw from the title role in the forthcoming production of John Tavener's opera Thérèse at Covent Garden owing to changes by the composer requiring that Thérèse be sung by a dramatic soprano.

William and designed by Alan Barlow, choreography is by Geraldine Stephenson and lighting by Robert Bryan. Edward Downes is the conductor. The opera has its world premiere at the Royal Opera House on October 1. Hywel Bennett will star in a new comedy thriller by Anthony Shaffer—The Case of the Oily Levantine—opening in London at Her Majesty's Theatre on Thursday, September 13 with previews on September 11 and 12.

Russell Burgess. Russell Burgess, director of music at Wandsworth Comprehensive School for 25 years, and founder and director of Wandsworth School Choir, has died in hospital, aged 48. His creation of this remarkable choir, which has received critical acclaim previously reserved for specialist choir schools, was his greatest achievement.

Mark Elder will conduct a new production of Arabella in 1980 and Wozzeck is among new productions planned for 1981. Elise Ruse has asked to withdraw from the title role in the forthcoming production of John Tavener's opera Thérèse at Covent Garden owing to changes by the composer requiring that Thérèse be sung by a dramatic soprano.

Also starring will be Adrienne Posta, Bernard Archard, William Squire, Wolfe Morris and Anna Quayle.

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Kaye is GLC arts chief

Mr. Michael Kaye is succeeding Mr. George Mann as artistic director and general manager of the South Bank Concert Halls from January 1. This post is a key appointment in the newly organised GLC Department of Recreation and the Arts which will co-ordinate all the Council's efforts in support of the arts, leisure and recreation.

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UK COMPANY NEWS

UK performance restricts BICC's growth to 5%

WEAKER PERFORMANCE in the UK by BICC offset much of the £3.9m advance in taxable profit...

HIGHLIGHTS

Lex looks at the latest set of banking figures, which indicate that bank lending and the money supply continue to grow...

Advance at Trade Indemnity

Advance at Trade Indemnity? An 11.6 per cent advance in premiums written over the first six months of this year...

The Board says the rise in wholesale prices in the first half provided most of the growth in premiums written on the open underwriting accounts...

Claims paid and collections notified in the first half were lower in number but high in value...

The interim dividend is 4p, against 3.46268p, and a one-for-one scrip is proposed.

J. Beattie ahead 40% halfway

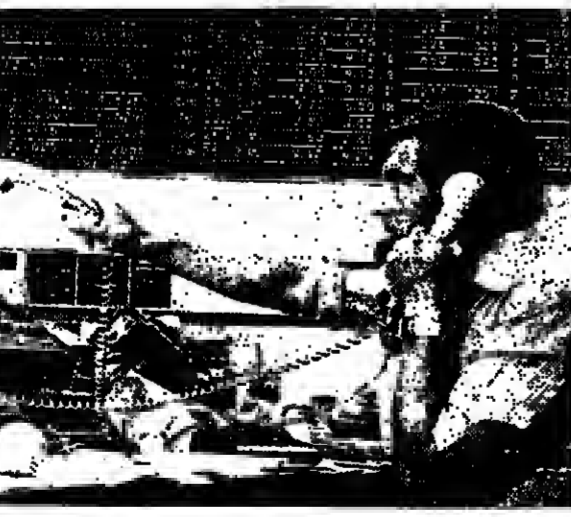
WITH SALES 20 per cent higher at £18.95m, James Beattie, Midlands department store operator, expanded taxable profits by 40 per cent...

Mr. James Beattie, the chairman, says it is too early to make any worthwhile forecast of the full year's results.

Foreign exchange

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Gosforth £0.6m at six months

INCLUDING associates' contributions of £110,000 pre-tax profits of Gosforth Industrial Holdings, the company formed from the continuing activities of Swen Huntic Group...

Swan Hunter distribution

A second distribution of 5.5p per Ordinary share is proposed by Swan Hunter Group, which is in voluntary liquidation...

Sentinel Insurance progress

Continuing good progress for Sentinel Insurance Company over the 12 months to March 31, 1979, is reported by Mr. C. J. Ettinger...

Loss of contracts depresses Christy Bros.—no final

A LOSS OF £16,000 before tax, compared with £143,000 profit in the second half left Christy Brothers, milling, mechanical and electrical engineers...

Provident Financial down to £2.66m in first half

WITH INTEREST charges much higher at £4.58m compared with £2.75m, profits before tax of Provident Financial Group declined from £4.08m to £2.66m for the first half of 1979...

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current, Date, Correlation, Total Last, Total This. Lists dividends for Berram Cons, Berwick Timpo, BICC, etc.

Invergordon advances midway despite pressure on margins

FOR the first half of 1979 Invergordon Distillers (Holdings) achieved pre-tax profits of £1.85m...

Excaltibur Jewellery at £0.88m

WITH A rise of some £118,000 in second-half taxable profit, Excaltibur Jewellery finished the year with a profit of £835,499...

rate—last year's total was 5.4419p. The focus for the period took £1.38m from the period...

Small & Tidmas first half improvement

Following a jump to a record £315,000 in the previous year, the directors of John C. Small and Tidmas, knitted fabric manufacturer...

Pound forces market change at Vita-Tex

Since the strengthening of the pound, Vita-Tex, warp knitted fabric group, has come out of a number of important markets...

MINTY JUMPS TO £171,000

TAXABLE profits of Minty, the furniture manufacturer, jumped from £94,238 to £170,859 in the first half of 1979...

Midyear fall by Glasgow Pavilion

After-tax profit of Glasgow Pavilion, theatre proprietor, fell from £52,173 to £34,500 for the six months to April 30, 1979...

ART GALLERIES

HAMILTONS, 13, Carlos Place, New York, NY 10011. LONDON FINE ART, 33, Saville Street, London, W.1. MALL GALLERIES, The Mall, S.W.1.

F.H. TOMKINS LTD. GROUP OF COMPANIES. Summary of Results table showing sales and profits for 1978/79 and 1977/78. Includes text about 'A difficult year for our bright drawn steel and bolt and nut manufacture'.

امكان الازهر





Companies and Markets

UK COMPANY NEWS

MINING NEWS

Profit climbs steeply in CRA first half

BY PAUL CHEESERIGHT

THE UPTURN in base and precious metal prices in the earlier part of this year has led to near-trebling of first half net profits at CRA...

metals plus rising costs in Australia, exacerbated by industrial unrest, cloud the immediate future for group companies...

1978 first half loss of A\$0.5m into a profit of A\$38.5m. Results from Comalco, the aluminium group, were hit by provisions for foreign exchange losses...

Agnico earnings advance 250%

FIRST-HALF NET profits at Agnico-Eagle Mines, the Canadian precious metals producer, have increased more than two and a half times over the comparable period in 1978...

on the CS199.53 received during the same period of the previous year. But the group's silver division at Cobalt, Ontario had a first-half operating loss of CS81,000.

loos per day concentrator. BULLION PRICE HELPS CAMFLO Camflo Mines, the Quebec gold producer with energy interests, has pushed up its first-half profits to CS5.2m (£1.8m), or CS1.50 a share, from CS2.4m, or 87 cents a share, in the first six months of 1978.

Net earnings in the six months to June were C\$2.5m (£94,000) or 18 cents (£6.8p) a share, against less than C\$1m, or 7 cents a share in the 1978 first half. Operating profit was C\$4.3m against C\$2.5m.

The group is in an expansionary phase and this is reflected by the announcement that Dumagami Mines is preparing its Preliminary molybdenum property in northwest Quebec for production next year.

The factors behind the rise included sharply increased revenue from natural gas operations, a higher contribution from La Luz Mines, the coal subsidiary, and gains from investment sales.

Although the latest net profit figures have been boosted by a credit of C\$1.4m from deferred tax benefits, compared with a credit of less than C\$500,000 in the first half last year, Mr. Paul Penna, the president said that the improved financial results essentially reflect increased gold prices.

However, Agnico and Noranda are providing the bridging finance on an equal basis for the current work at Preissac. Studies are going ahead as a prelude to arranging the finance for a 1,000

tonne per day concentrator.

BIDS AND DEALS

Resignation pledges in Berwick Timpo battle

BY ARNOLD KRANSDOORFF

Three managing directors of embattled Berwick Timpo yesterday pledged to resign if Mr. Torquil Norman, a former chief executive, succeeds in his attempt to return to the board. Mr. Peter Craig, Mr. Ken Simmonds and Mr. Keith Townsend, all recently appointed to the board, said they were not prepared to work with Mr. Norman again.

The issue will come to a head at an extraordinary meeting on September 19 when shareholders will be asked to approve a resolution by Mr. Norman and his supporters to replace the present board headed by Mr. John Oakley. Mr. Norman claims to have shareholder support for at least 37.5 per cent of the capital.

They said that the implications of their resignations would be "staggering." New management would have to be found and it would take a long time for the company to pull back to the position it is in now.

Westbrick Products is acquiring from the HAT Group the share and loan capital of Brensil Group. The cost is in the region of £300,000 and part of this is being met by the issue of 200,000 ordinary shares, which have been placed by Hedderwick Stirling Grunbar, stockholders to Westbrick.

ISSUE NEWS

Eastbourne Water raising £2.75m

An offer for sale by tender has been launched by Eastbourne Waterworks Company to raise £2.75m. The offer is of 8 per cent redeemable preference stock, carrying a minimum price of par and redeemable in September, 1985.

Yearlings rise to 12 3/4% The coupon rate on the local authority yearling issues is up again this week to 12 3/4 per cent—a rise of a quarter point. The bonds are dated September 10, 1980 and priced at par.

Essex Water raised £5m on the market and subscriptions then totalled more than twice the amount on offer. The yield on this Eastbourne issue is 11.42 per cent at par, the same as on the Essex offer, and five-year inter-bank money rates have changed little in the interim.

City of Nottingham (£1m), Huntingdon District Council (£1m), City of Kingston Upon Hull (£1m), Wirral Borough Council (£1m), Tewkesbury Borough Council (£1m), South Pembrokeshire District Council (£0.5m), Three Rivers District Council (£0.5m), The South Northamptonshire District Council has issued £0.25m of paper at 13 1/2 per cent, dated September 2, 1981 and priced at par.

Mr. Clothier leaves Liden and sells his 29% stake

Mr. Norman Clothier has resigned as chairman of Liden (Holdings), the troubled white-ware furniture manufacturer whose shares were suspended in February. The company said yesterday that Mr. Clothier had stepped down from all his offices in the group and disposed of his 29.2 per cent holding. No details are given.

band to acquire further premises adjoining the existing factory. The company's auditors, Stone Payne Fraser and Company, said they had been given little information about the new situation at Liden. The new board has telephoned to ask if their own accountants could have a look at the situation.

Hanson/Lindustries further moves

WITH Hanson Trust's disputed offer for Lindustries coming to a closing date this Friday, both sides have sent further letters to shareholders asking for their support. Mr. P. A. Rippon, chairman of Lindustries, says that the company has carefully researched areas for future expansion, as a result of which diluted plans have been formulated for moving forward by internal development and acquisition. He urges shareholders to prevent Hanson from acquiring Lindustries' earnings potential at what he describes as "a derisively low" price/earnings ratio.

COMET SALES As part of its plan to divest itself of the engineering and hosiery divisions of Caledonian Holdings, Comet Radiovision is selling four companies for £1.01m. The companies are Prails Hereford, commercial vehicle distributor and agent, motor and general engineer; A. Baird and Sons and Bairds of Dumfries, motor, agricultural and electrical



Interim Results for the half-year to 30th June 1979

Table with columns: Based on unaudited figures, Half-Year to 30.6.79, Half-Year to 30.6.78 - restated (Note 2), Year to 31.12.78. Rows include Group Sales, Operating Profit, Finance charges, Pre-tax Profit, Taxation (Note 1), After-tax Profit, Minority interests, Attributable Profit, Earnings per Share (Note 1), Dividends per Share - net.

NOTES 1. The taxation charge for the half-year to 30th June, 1979, has been reduced by £3.6m, being the release of UK deferred taxation on stock relief in 1973 and 1974 net of advance corporation tax written off. This has increased earnings per share by 0.01p.

PRE-TAX PROFIT - increased by 5%; a significant improvement within BICC International has been offset by lower performance in the UK Group Companies and especially in Balfour Beatty which suffered from the transport strike and bad weather.

EARNINGS PER SHARE - at 10.72p showed an increase of 43%. If the special taxation credit is excluded and the calculation made at comparable exchange rates, Earnings per Share would have amounted to 8.08p - an increase of 8%.

INTERIM DIVIDEND - increased by 10% to 2.75p net per share.

OUTLOOK - present indications are that, given reasonable trading conditions throughout the remainder of this year, we will improve on the 1978 results.

BICC logo and text: The interim dividend of 2.75p net per share (1978 - 2.50p net per share) will be paid to ordinary shareholders registered in the books of the Company on 15th November 1979. The complete interim Group Results will be posted to Share and Loan Stock Holders on 10th September 1979. Full text copies are available from the Secretary, BICC Limited, P.O. Box 140, 5, 21 Bloomsbury Street, London WC1B 2DT.

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HAZLEWOODS (Proprietary) LIMITED (Processors of Vegetables and Manufacturers of Sauces and Condiments). SUMMARY OF RESULTS FOR THE YEAR ENDED 31st MARCH, 1979. Turnover £ 6.09m Up 38 1/2%, Profit £ 0.52m Up 30%, Dividend 4p per share Up 33%, Shareholders funds £ 2.07m Up 25%, Earnings per share 11.52p Up 25%. "I am certain that the next year will further strengthen the company's position." J. Lowe, Chairman.

NOTICE OF ISSUE ABRIDGED PARTICULARS Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List. The Eastbourne Waterworks Company (Incorporated in England on 8th August, 1959, by the Eastbourne Waterworks Act 1959) OFFER FOR SALE BY TENDER OF £2,750,000 8 per cent. Redeemable Preference Stock, 1985. This Stock will mature for redemption at par on 30th September, 1985. Minimum Price of Issue £100 per £100 of Stock. Yielding at this price, together with the associated tax credit at the current rate, £11.42 per cent.

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Holiday Inns pays \$300m for casino-hotel group

BY JOHN WYLES IN NEW YORK

HOLIDAY INNS, operator of the largest hotel and motel chain in the U.S., has taken a giant stride into casino gambling with the \$300m acquisition of Harrah's, a Nevada casino-hotel company.

Sun to buy coal group for \$300m stock

RADNOR — Sun Company, a major integrated oil group, has agreed in principle to acquire the Elk River Resources Company for \$300m in Sun common stock.

Barber Oil approach

Barber Oil Corporation said that it has been approached by a major New York Stock Exchange listed company with respect to a possible acquisition of all of its stock.

Esmark and Transocean agree tax-free share deal

CHICAGO — A Federal district court here approved a settlement of a class action suit filed against Esmark, the chemicals group, by Transocean Oil shareholders in 1974.

Offer for Carey refinery interest

NEW YORK — Shares in Charter, the oil company, lost ground on Wall Street yesterday on a report that Messrs. Rafael and Alberto Tudela of Venezuela are making an offer to buy the Bahaman refinery formerly 65 per cent owned by Carey Charter.

Reliance compromise acceptable to Exxon

By Our New York Staff

WITH ANOTHER legal deadline approaching on Friday, Exxon Corporation is prepared to accept the licensing compromise providing its merger with Reliance can escape a "hold separate" order.

The Federal Trade Commission has renewed attempts to negotiate a settlement of the Government's bid to block the oil company's \$1.17bn acquisition of Reliance Electric.

ATELIER DES CHARMILLES

EUROBONDS

Ross in pre-market DM issues

BY OUR EUROMARKETS STAFF

ROSS AND PARTNERS (Sactivities) is extending its activities in pre-market trading in international bonds to Deutsche-Mark issues. Mr. Stanley Ross, an executive of the company, announced yesterday.

New Zealand issue, via Commerzbank, was quoted at less than 100 to 100.

This marginal premium at redemption reduces the initial cost of the offering for the issuer; it reinforces the considerable saving of front-end fees which Banco Union will achieve by opting this time for an FRCD rather than repeating its floating rate note issues of a year ago.

par with a 7 1/2 per cent coupon. Lead manager is Deutsche Bank. The Asian Development Bank is reported to be negotiating a DM 100m private placement among German banks.

New products trail leads to the U.S.

BY SRIJ KHINDARIA IN GENEVA

THE RECENT acquisition by Ateliers des Charmilles SE, the Geneva-based metallurgical enterprise, of Energy Sciences, of Woburn, U.S., reflects the growing conviction of many medium-sized Swiss companies that only innovation will help them to expand further.

Energy Sciences has given the Geneva company a better foothold in North America. Charmilles last year acquired Andrew Engineering of Minneapolis to obtain electrical discharge technology and to add a

Stagnant or shrinking markets have led Ateliers des Charmilles, the Swiss metallurgical concern, to make a further acquisition abroad in the search for new products and processes to maintain growth.

Mr. Paul Waldvogel, chairman of Charmilles, told a Press conference last week that his company would aim for further internationalisation of its operations, but re-assured the Swiss that no jobs would be lost to foreigners.

Energy sciences bring a completely new technology based on electron beam principles, which the Geneva company hopes will become the basis of innovations leading to new and expanded uses.

A Charmilles official said the purchase was not made for the sake of acquiring a company in the U.S. The aim was to obtain access to the technology developed by Energy Sciences of the U.S. is to obtain access to the technology developed by the company

new set of machines to its range of products. The purchase allowed Charmilles to save about three years of research and development effort, which would have been needed to develop technology independently.

There are no immediate plans to transfer production facilities to the U.S., but Charmilles is currently going through a rationalisation programme to

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR, Issued, Bid, Offer, day, week, Yield. Lists various international bonds like Alcoa of Australia, Alcoa of Canada, etc.

Table with columns: OTHER STRAIGHTS, Issued, Bid, Offer, day, week, Yield. Lists various international bonds like Nord, Aeca, Ex. Dev. Cpn, etc.

Table with columns: DEUTSCHE MARK, Issued, Bid, Offer, day, week, Yield. Lists various international bonds like Straights, Alcoa, etc.

Table with columns: CONVERTIBLE, Issued, Bid, Offer, day, week, Yield. Lists various international bonds like Aca, Ciba, etc.

Rhone-Poulenc profit rise levels off

By David White in Paris

THE RECOVERY in profits at France's Rhone-Poulenc chemical group since 1975 is expected to level off this year.

Consolidated net earnings in the first half showed a 5 per cent increase against the same 1978 period, reaching FF 62.6m (\$4.7m).

MEDIUM-TERM FINANCE \$120m loan for Archirodon

By Our Euromarkets Staff

ARCHIRODON, THE Greek construction group, has signed a \$120m five-year Eurobond syndicated guarantee facility to support its new contracts in the Middle East and elsewhere.

The commission to the banks participating in the facility was not disclosed. Wells Fargo Bank, acting as agent in a syndicate of 21 banks, has signed a \$116.2m short-term loan agreement with Centro Simoa Bolivar CA, an agency for the promotion and development of urban projects in Caracas.

Advertisement for THE SULTANATE OF OMAN U.S. \$150,000,000 MEDIUM TERM LOAN. Includes logos, company names like Abu Dhabi Investment Company, and details of the loan arrangement.

## Associated Japanese Bank (International) Limited



Extract from Audited Accounts

	28th Feb. 1979 £000	28th Feb. 1978 £000
Share Capital	7,000	7,000
Retained Profit	5,480	4,279
Subordinated Loans (£ equivalent)	12,353	12,877
Dapoints	423,473	407,506
Loans	240,388	238,780
Total Assets	458,622	439,423
Profit before Taxation	3,612	3,172
Profit after Taxation	1,621	1,434

### Associated Japanese Bank (International) Limited

29-30 Cornhill, London EC3V 3QA  
Telephone: 01-623 5661. Telex: 883661

Jointly owned by

The Sanwa Bank Ltd The Mitsui Bank Ltd  
The Dai-ichi Kangyo Bank Ltd The Nomura Securities Co Ltd  
(Shareholders' aggregate assets well exceeding U.S. \$170,000 million)

# MAN and VW launch truck range

BY KENNETH GOODING IN MUNICH

MAN, West Germany's second-largest truck manufacturer, and Volkswagen yesterday formally launched their joint commercial vehicle range, the result of a DM 100m (\$64.7m) investment. The groups expect to sell 15,000 a year of the vehicles, which are in the six to nine tonnes gross weight range, to reach sales of around DM 400m a year, and capture 40 per cent of the West German market, plus 10 per cent of total West European sales.

Mr. Wilfried Lochte, new chief executive of MAN's commercial vehicle division, used the occa-

sion to give some indication of the division's performance in the year which ended on June 30. Sales were maintained at DM 5bn in spite of a drop of DM 200m in deliveries to the West German army, as expected under the terms of a four-year contract. MAN was able to make up the deficit in the home market, where demand was buoyant. Exports remained at the 1977-78 level.

In unit terms, MAN delivered around 21,500 vehicles, including 3,000 array trucks and 2,500 buses, compared with 21,300 in the previous year.

MAN is involved in a DM 40m rationalisation programme, which would switch heavy truck manufacturing to Munich, bus assembly will be transferred to Salzgitter from Penzberg, which will be converted into a component manufacturing plant. The Salzgitter plant will assemble the new joint truck range, as will the VW plant factory at Hanover.

VW is making the cabs, rear axles and gear boxes for the new range, while MAN is producing engines, frames, front axles and special bodies.

The aim of the two West

German groups is to be able to offer a full range of commercial vehicles from two to 200 tonnes. With this in mind, the VW commercial vehicle and MAN truck importing operations throughout Europe are being combined. This has already happened in the UK and Denmark, and plans are well ahead in Norway, Greece and Belgium. Of the main West European markets, the UK and France will get more than 1,000 each a year of the new range of trucks, and there will be 500 each for Italy and the Netherlands.

## Olivetti shows signs of recovery at mid-year

By Rupert Cornwell in Rome

A SHARP RISE in sales, and a forecast of a decline in indebtedness this year, provide further evidence of recovery by Olivetti, the major Italian electronics and office-equipment manufacturer.

Mid-year figures released after a board meeting in Milan yesterday indicate that parent company sales rose by 43 per cent in the first seven months, to L474bn (\$580m), while consolidated group turnover climbed 24 per cent to L668bn (\$81.5bn) compared with the same period of 1978.

Sig. Carlo de Benedetti, Olivetti's managing director, reported that the concern's overall indebtedness remained little changed at L637bn but had shrunk as a proportion of turnover. The figure, moreover, was likely to drop in absolute terms by the end of 1979.

He also confirmed reports that Olivetti was likely to show a genuine operating profit this year, after the L2bn balance-sheet earnings achieved last year. In that case, he declared, a dividend would be paid to shareholders for the first time since 1974.

Despite an encouraging improvement in the performance of its troubled subsidiaries in the U.S. and Argentina, and the success of the new range of all-electric typewriters (the first of their kind), Olivetti insisted that grave problems remained to be tackled.

Sig. de Benedetti made a thinly-concealed appeal for Government backing for research and technological spending, along the lines of other countries. Olivetti this year would have to finance from its own resources such outlays of L47bn, up from L35bn in 1977.

He also issued a stern warning about the need to reduce over-investment in the new era of electronic technology. Already, the Italian work-force of Olivetti has been reduced by 1,750 people in the past year, and the management is planning further pruning.

But protests and unrest among the unions are mounting. These are likely to come to a head at a meeting between their representatives and Sig. de Benedetti to discuss future employment policy. Meanwhile, Sig. Bruno Visentini, the former cabinet minister, was re-elected yesterday to his former post of president of the Olivetti group.

## Jump in new orders at Finmeccanica

By Our Rome Correspondent

A SIGNIFICANT jump in new orders in the first six months of this year has been reported by Finmeccanica, the engineering arm of the IRI State-owned conglomerate, whose interests include the Alfa Romeo car manufacturer.

Figures released by Finmeccanica indicate that new orders advanced 24 per cent to L1,762bn (\$2,150m) from L1,421bn in the corresponding months of 1978. New export orders accounted for L813bn, over 46 per cent of the total.

First half sales by the group, however, barely kept pace with inflation, rising 14.7 per cent in the first half to L1,470bn (\$1,800m) from L1,282bn, and included L572bn of exports.

Finmeccanica has also carried out a significant enlargement of its diesel engine interests, with the acquisition by Stabianotti Meccanici VM, its relevant division, of two smaller companies formerly in the IFMIL State-controlled group, Ducati Meccanica and Isotta Fraschini. The deals will almost double VM's current annual turnover of L50bn (\$61m).

## NK-Aahlen to break even this year

By Victor Käyetz in Stockholm

NK-AAHLEN, the Swedish retailing group, believes that continued improvement in demand and the effects of recent cost-cutting measures will allow it to break even in the financial year ending October 31. In March Mr. Klas Holmberg, the managing director, predicted a pre-tax loss of anything up to SKr 50m (\$12m) against a loss of SKr 107m.

In the first eight months of the current financial year, the group showed a pre-tax profit of SKr 74.3m (\$17.6m), against a loss of SKr 69.4m. The latter figure included SKr 36.3m in non-recurring costs related to the merger of the NK and Aahlen groups.

The latest earnings figure includes capital gains of SKr 19.1m from sales of property.

Sales during the eight months ended June 30 were SKr 6.04bn (\$1.43bn) or less than 6 per cent better than the corresponding figure a year previously.

The Tempo department store division had a sales growth of 5 per cent to SKr 3.41bn while the Aahlen division showed the strongest recovery with a turnover of SKr 679m, some 15 per cent higher than a year earlier. The NK division showed virtually no sales growth, with a turnover of SKr 570m.

## SHB pioneers deposit scheme

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SVENSKA HANDELSBANKEN (SHB), one of Sweden's two leading private commercial banks, is pioneering a new deposit system, replacing all current and savings accounts by one general account. It is believed to be the first in the world with the new concept which depends on a highly sophisticated computer operation.

The new general account will both simplify banking for customers and increase the average return on savings by 0.75 per cent, the bank claims.

Interest payable on the general account will be adjusted automatically to the length of time sums are retained in the account. The customer will no longer need to decide how much to keep in his current account

and how much in each savings account.

SHB currently operates 16 different deposit accounts. It expects the savings in costs through rationalisation to a single general account for each customer will be enough to enable it to pay a higher average interest rate.

A sum of less than SKr 15,000 (\$3,570) kept in the general account for six months would earn interest at an annual rate of 7.3 per cent against 6.75 per cent on the present six-month withdrawal account.

The maximum interest payable on sums of less than SKr 15,000 will be 7.7 per cent while sums above that figure would earn a maximum of 8.25 per cent. These rates compare with the present Swedish Dis-

count Rate of 7 per cent.

SHB has been planning its new general account for several months. Last week, after news of the plan had leaked out, PKBanken the state commercial bank, raised its deposit rates by 0.75 per cent, exactly the improvement which SHB anticipated that its new account would provide for customers.

PKBanken's response is expected to spark off a fight for deposits, which would be exceptional on the Swedish banking scene, where rates are usually constricted.

SHB is introducing its general account in eight Swedish towns initially, in order to gain experience in the running of the computer system, but it expects to extend the system to other parts of the country in a month or so.

## Iggesund sees substantial rise

BY OUR STOCKHOLM CORRESPONDENT

IGGESUND, the Swedish forest product, commercial steel and chemicals group, predicts that 1979 earnings will be "substantially better than during 1978," when a recovery beginning in late summer resulted in a consolidated pre-tax profit of SKr 52.9m (\$12.5m) for the year. Sales in 1979 will be about SKr 1.98bn (\$469m) or 21 per cent above last year's figure, the company forecasts.

During the first seven months of 1979, Iggesund showed a pre-tax profit of SKr 44m (\$10.4m) against a loss of SKr 23m for the period last year. Sales were up nearly 18 per cent to SKr 1,409m (\$350m).

Earnings improved because of better capacity utilisation and higher sales prices. If stock gains are eliminated, the pre-tax profit was SKr 6m against a loss of SKr 32m. Operating earnings for January-July were SKr 60m, up from SKr 6m.

Iggesund has acquired the Dutch wood products company Noord-Europese Houthandel, whose sales are about SKr 150m a year.

In the forest products sector, sales rose 21 per cent to SKr 741m in the first seven months, due to higher prices and delivery volume, with operating earnings up from SKr 7.8m to SKr 4.8m. Steel sector sales rose less than 10 per cent to SKr 182m and volume was lower due to phasing-out of operations at Horodel, Sweden, which shut down entirely at mid-year. But operating earnings from steel were SKr 10.4m, against a loss of SKr 9.1m.

Turnover for chemicals rose 9 per cent to SKr 127m. Operating earnings were up by SKr 3m to SKr 15m but for the full year will be less in the chemicals sector than the SKr 37m noted in 1978.

Speaking about future plans, Dr. Leif Eriksson, chief executive, said that emphasis will be put on quality and specialisation, know-how and last but not least a reduction of administrative personnel. It is hoped that the ratio of 60 to 40 for types as against other products will be completely reversed. Tyre production will also concentrate on some selected models and much more attention will be paid to marketing.

## Semperit plans capital increase

BY PAUL LENDYAI IN VIENNA

SEMPERIT, the Austrian rubber concern which severed its links with the French Kieffer-Colombes last January announced a rights issue to raise its capital from Sch 570m to Sch 1.4bn (\$105m). Dr. Heinrich Taichl, the chairman of the supervisory board and director general of the Creditanstalt Bankverein, the majority shareholder, praised the new management which has already achieved some successes.

Dr. Franz Leberfrost, the chairman of the board and director general, who took over the post of chief executive only on May this year, announced that losses this year will likely to be Sch 300m compared with Sch 590m last year. Turnover, which dropped by 3.6 per cent to Sch 5,066m last year, recorded an 11.2 per cent rise in the January-June period compared with the same period last year and reached Sch 2.8bn. These figures refer only to the parent company and not the consolidated turnover.

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Finmeccanica has also carried out a significant enlargement of its diesel engine interests, with the acquisition by Stabianotti Meccanici VM, its relevant division, of two smaller companies formerly in the IFMIL State-controlled group, Ducati Meccanica and Isotta Fraschini. The deals will almost double VM's current annual turnover of L50bn (\$61m).

## Sime offshoot domicile move

By Wong Sulong in Kuala Lumpur

CONSOLIDATED PLANTATIONS today announced that it is following the footsteps of its holding company, Sime Darby, in transferring its domicile from the UK to Malaysia.

Under the scheme, shareholders in the UK company will exchange their shares on the basis of one share of 10p each for one share of 50 cents each in the new Malaysian company.

Warrant holders will be allowed to exchange warrants on the basis of one-for-one, although holders who exercise their subscription rights during 1979 will be permitted to subscribe in sterling.

Explaining the transfer of its domicile, Consolidated Plantations said that its main business is in rubber, oil palm and cocoa production in Malaysia and 80 per cent of its issued capital is held in Malaysia.

It said that as a leading Malaysian plantation company, it was appropriate its business should be conducted by a Malaysian incorporated company, and resident only in Malaysia for exchange control purposes.

## Ommeren in talks with Hagemeyer

By Our Amsterdam Correspondent

PHS Van Ommeren of Rotterdam, whose interests range from shipping and storage of vegetable oils and chemicals to a 43 per cent stake in Amfas, an insurance group, disclosed yesterday that it has commenced discussions aimed at a takeover of Hagemeyer.

Van Ommeren, whose turnover last year was about Fl450m (\$220m) seems to be interested in Hagemeyer's trading activities.

Hagemeyer this year suffered a sharp setback in profits. The company lost Fl15.7m (\$7.3m) in 1977. Part of the loss is explained by the troubles in the Belgian industrial subsidiary Kalorik Indola. An Ommeren expects a profit of Fl33.7m over 1979.

## Strong first-half advance at Nationale Nederlanden

BY OUR FINANCIAL STAFF

NATIONALE Nederlanden, Holland's largest insurance group, has reported a 30 per cent jump in operating profit to Fl 194.1m (U.S. \$96.9m) for the six months to June 30 but has cautioned that profits in the second half are unlikely to show a similar rate of growth.

According to the company, the first half improvement was due to both higher profits from life assurance and a further improvement in the results of the non-life sector. The figures do not include a contribution from the Life Insurance Company of Georgia which was Fl 83.3m—a rise of 13 per cent on last year's figure of Fl 73.4m.

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US \$20,000,000

Term Financing  
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Arranged by  
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Companies and Markets **INTERNATIONAL COMPANIES and FINANCE**

**Approval for Marra capital plan**

By James Forth in Sydney  
**SHAREHOLDERS** of Marra Developments yesterday approved a capital reconstruction which clears the way for a cash repayment to ordinary shareholders, leaving preference holders in control of the company. Marra has been the centre of disputes since 1974 following the controversial merger with another pastoral company, Scottish Australian Holdings.

A group of ordinary shareholders (mainly connected with the "old" Marra company) has held a long-running dispute with the company, claiming that a de-facto liquidation was being carried out to effect early repayment of preference capital. A deed of settlement providing for a capital repayment of 30 cents per ordinary share was recently agreed to in court, but the court ordered that some of the details should not be released. Several meetings have since been held to approve the terms of the settlement, but were deferred because some institutional preference holders claimed they had insufficient details to make a decision.

However, the New South Wales Supreme Court last week ordered the major preference holder, Industrial Equity Ltd., to vote in favour.

At yesterday's meeting the Marra directors disclosed that profit for the year to June 30 was estimated at A\$6m (U.S.\$6.75m), including extraordinary items, compared with A\$2.62m in the previous year.

The profit would increase total capital and reserves, taking all assets at book value, to A\$6.23m, after allowing for a preference dividend of A\$1m. The repayment to ordinary holders will take A\$7.2m, leaving A\$9m for the A\$14.8m preference capital.

However, the directors disclosed that Marra's properties are in the books at A\$6.79m, three of which have been sold to U.S. tycoon Nelson Banker Hunt, for A\$5.25m.

The directors added that current market values are estimated to be in excess of book values. This would also apply to the livestock. The company has 93,758 sheep valued at only 76 cents each, 52,924 cattle at A\$10.87 each and 767 horses at A\$23.29 each. The book value of the livestock is A\$592,000 but at market value would probably fetch several million dollars.

**JAPANESE COMPANIES**

**Overall decline in earnings forecast**

By RICHARD C. HANSON IN TOKYO

A COMPILATION of earnings forecasts for 946 listed companies in Japan shows that operating profits in the current half-year are expected to drop by 0.6 per cent followed by a 2.2 per cent decline in the half-year ending next March, according to the Nihon Keizai Shimbun.

The decline in overall pre-tax earnings which follows a gain of 24.4 per cent in the half-year to last March, appears to be largely attributable to a sharp drop expected in earnings of electric power companies which have been hit hard by the latest round of OPEC oil price increases this summer, the financial daily said.

Excluding the electric power

sector, overall earnings are expected to be up by 10.3 per cent in the current half and by another 5.0 per cent in the period to March, 1980.

Manufacturing companies generally expect a strong rise in operating profits by 25.9 per cent in the current six months after a 32.3 per cent rise in the previous half. By next March, however, earnings are forecast to dip 2.9 per cent.

Non-manufacturing companies, including the electric utilities, expect earnings to plummet by 34.9 per cent in the half-year ending this month, followed by a 7 per cent decline in the six months to March. Profits in the prior half rose by 13.9 per cent.

are expected to gain 5.2 per cent this half and 4.5 per cent next, after having risen 7.6 per cent during the half ended last March.

Meanwhile, the National Tax Administration Agency reports that steelmakers made strong recoveries in earnings.

Toyota Motor retained its position as the number one earner in the country despite an 8.1 per cent decline to Y201.93bn (\$912m) in operating profit. Tokyo Electric, which along with other electric power companies last year benefited from the yen's sharp appreciation, held on to the number two position with profit of Y151.35bn. Arabian Oil Company, the

Japanese oil producer, ranked third, up from fourth place the year before, earning Y150.3bn, exchanging places with Nissan Motor which fell from third to fourth with Y121.34bn, an 8.1 per cent drop.

Matsushita Electric Industrial moved up one place to fifth with earnings of Y118.39bn.

Total income for companies reporting to the tax authorities (capitalised at more than Y500m) rose 14.1 per cent to Y87.7bn, compared with a 5.5 per cent rise in the prior year.

Four of the biggest steelmakers, Nippon Steel, Kawasaki Steel, Sumitomo Metal and Kobe Steel, moved back into the top 100 after falling below in the previous year.

**Saudia cuts back its deficit**

By JAMES SUCHAN IN JEDDAH

SAUDI ARABIA'S national airline, Saudia, continued its spectacular growth last year but remained in the red with losses of 161m Saudi riyals (\$48m), against 199m Saudi riyals in 1977.

Saudia's annual report for 1978 shows a 30 per cent increase in paying passengers to 4.5m, somewhat less than its 7m target. Cargo was up 29 per cent to 45m kilos.

The airline is described as the fastest growing in the Middle East. It takes a substantial share of the enormous traffic for the Annual Pilgrimage to Mecca.

The airline's operating revenues jumped by 48 per cent to 2.58bn Saudi riyals, but

expenses also rose by 39 per cent to 2.73bn Saudi riyals. The report blames the loss on world inflation, foreign exchange adjustments, and expansion and purchases—the airline bought four new Lockheed Tristars last year to bring its total fleet up to 48 aircraft.

**Hotel backs out of Raffles City**

By GEORGIE LEE IN SINGAPORE

SHANGRI-LA HOTEL, one of Singapore's top hotels, has decided to back out of the S\$600m (U.S.\$273m) property development project, Raffles City.

Originally Shangri-La was to have taken a 13 1/2 per cent

equity stake in Raffles City private, the developer of the scheme scheduled for completion around 1984.

The 12 1/2 per cent stake would have cost Shangri-La S\$30.63m (U.S.\$14.2m).

**Increase in profits at AMIC**

By Jim Jones in Johannesburg

ANGLO-AMERICAN Industrial Corporation (AMIC), the holding company for South African mining house Anglo-American's industrial interests, has increased attributable profit by 79 per cent to R36.9m (\$44m) in the six months to June 30, 1979 against R20.6m. This compares with a total attributable profit of R52.4m for the whole of 1978.

Though the first-half results are not strictly comparable because of the inclusion of previously unconsolidated interests, all operating subsidiaries are reported to have increased profits substantially. Subsidiaries Scaw Metals, the manufacturer of mining equipment and steel products, and Beart International, which produces abrasives and cutting tools, remain the major contributors to group profits.

These two continue to take advantage of favourable export markets. On the home front, AMIC's timber interests are steadily returning to profit with the closure of previously loss-making operations and improving timber prices.

On first half earnings per share of 137.2 cents, a 32.5 cent interim dividend has been declared, against a 1978 interim of 25 cents. Last year, a final of 55 cents was paid.

The board expects this year's second half earnings will be similar to those of the first half.

**Campaign grows against ANZ takeover**

By OUR SYDNEY CORRESPONDENT

OPPOSITION is growing in Adelaide to the takeover of the Bank of Adelaide and its finance company offshoot, Finance Corporation of Australia, by the ANZ Banking Group.

A prominent Adelaide businessman, Mr. Myer Solomon, placed newspaper advertisements at the weekend attacking the proposal, and calling for the retention of the independent entity of both the Adelaide and FCA. Yesterday he was joined by Mr. Des Rundle, a partner in the chartered accounting firm of

Peat Marwick Mitchell and Company, which is auditor to both FCA and ANZ bank.

The ANZ proposed a merger after the Reserve Bank, Australia's central bank, pumped in funds in a temporary rescue operation. The banks maintained that A\$58m (U.S.\$ 65.3m) needed to be written off FCA's land holdings and other assets.

Mr. Solomon claimed this "unexplained" write-off was "absolutely ridiculous" and has been supported by Mr. Rundle. In a letter to an

Adelaide newspaper Mr. Rundle called on all South Australians to "stand up and be counted".

The ANZ has already encountered difficulties with its proposal, which involves a scheme of arrangement rather than a takeover offer under the terms of the companies act. The supreme court of South Australia at first rejected this proposal, but, on appeal, agreed to the proposal going to a meeting of Bank of Adelaide shareholders for approval. The meeting is set for October 15.

This announcement appears as a matter of record only

**Aer Lingus**  
Irish Airlines

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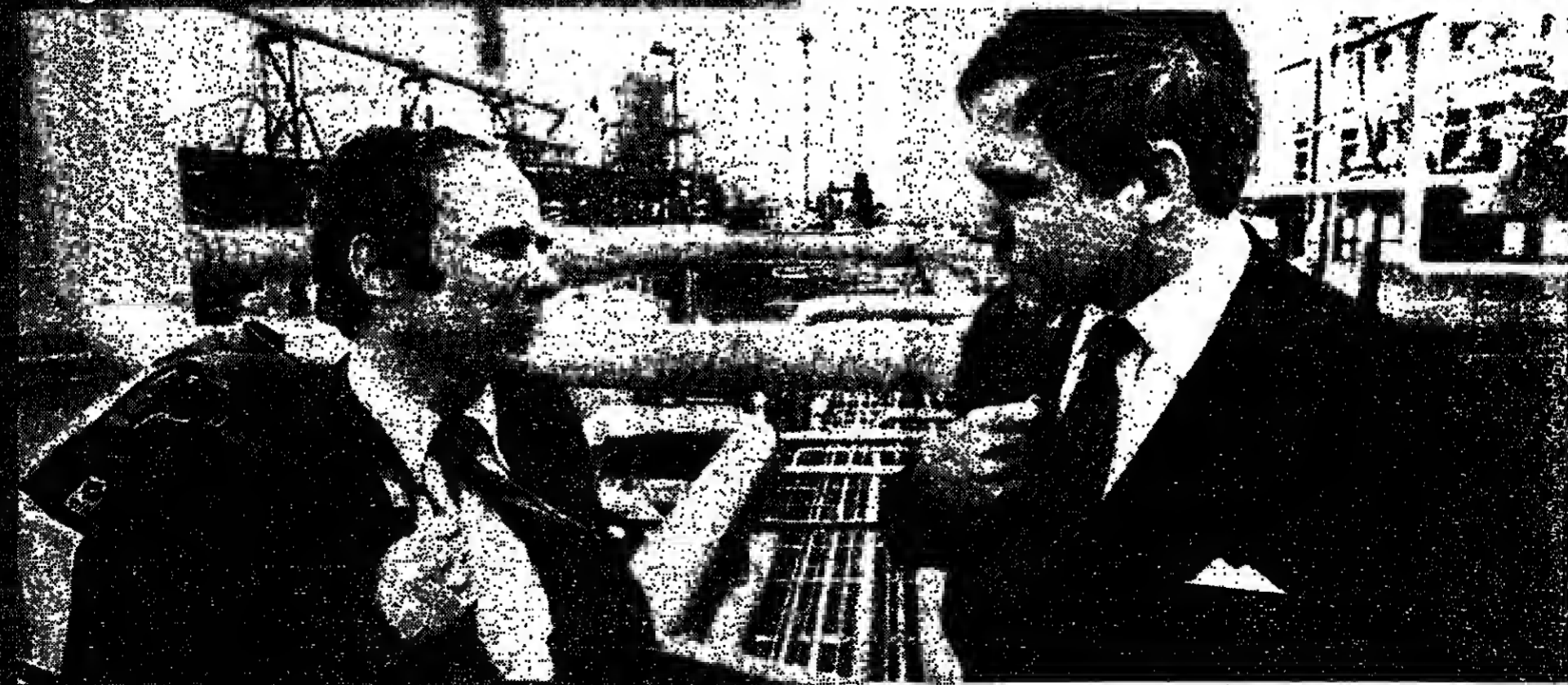
**LOCAL AUTHORITY BONDS**

Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

For advertising details please ring Stephen Cooper  
01-243 8000 Extn. 7008

To manage the financial resources of one of Europe's largest oil producers, a man must be farsighted and decisive.

His banker must be the same.



Edward A. O'Neal, Vice President and General Manager, Chemical Bank, France. Photographed at Elf Aquitaine's facilities in Lacq, France.

André A. Gester is treasurer of Société Nationale Elf Aquitaine, one of Europe's largest petroleum companies. It is his responsibility to meet the challenge of financing the development of his company's vast oil and gas reserves. For a major producer like Elf Aquitaine, this development is very costly - running into billions of dollars.

To turn a search for energy into reality takes a lot of cooperation with other petroleum companies and capital from many international banks.

Over the past three years, André Gester has turned to bankers he can rely on.

Bankers like those at Chemical Bank - the sixth largest U.S. bank. The reason Elf has turned to Chemical Bank is bankers like Edward A. O'Neal

of Chemical Bank's Paris office. O'Neal has made it his business to understand the business of Elf Aquitaine. Working closely with the head of Chemical's Petroleum and Minerals group - Europe, he has been able to deliver the kind of financial help Elf needs - wherever Elf needs it. "Chemical Bankers know what we mean when we say 200,000 barrels a day," Mr. Gester says. "And they know that a balance sheet can't show reserves. But their engineers can evaluate those reserves. O'Neal and the Chemical Bank team can instantly see where our future lies."

Now that Elf Aquitaine has moved into big ventures in the North Sea oil and gas fields, O'Neal together with his team of experts, is there with

realistic and timely financial solutions. André Gester sums it up well. "We need a lot of money. And we can get a lot of money. But the important thing is that we get fast decisions."

Rapid, professional solutions are what André Gester has come to depend upon. He knows he has bankers with financial expertise who are farsighted and responsive to his company's needs.

While theirs is a professional relationship, André Gester and Ed O'Neal will tell you that it is also personal and rewarding. That's what usually happens when corporate officers get together with Chemical Bankers.

And what results is bottom line benefits for both the company and the bank.

The difference in money is people. **CHEMICAL BANK**

Chemical Bank House, 180 Strand, London WC2R 1ET Tel: 379.7474 Representative Offices: Scottish Provident House, 7-9 Waterloo Street, Birmingham - Charlotte House, 17 Charlotte Square, Edinburgh. Main office: New York, N.Y. Aberdeen, Bahrain, Beirut, Birmingham, Bogota, Brussels, Buenos Aires, Cairo, Caracas, Channel Islands, Chicago, Dubai, Edinburgh, Frankfurt, Hong Kong, Houston, Istanbul, Jakarta, London, Madrid, Manila, Mexico City, Milan, Moscow, Nassau, Paris, Rio de Janeiro, Rome, San Francisco, Sao Paulo, Seoul, Singapore, Sydney, Taipei, Tel Aviv, Tokyo, Toronto, Vancouver, Vienna, Zurich.



The shape of a Mercedes-Benz has been variously described as classic, elegant and even timeless.

Unfortunately, although these opinions are most kind they miss the important point of the design.

If you look closely at the wind-screen, or the side and rear windows, you'll notice some unusual mouldings.

In common with all Mercedes-Benz these mouldings aren't there for show. Instead, they form a very sophisticated aerodynamic ducting system which is triggered by the car's shape.

So whenever a Mercedes-Benz is moving, the air sweeps any slush and grime away from the windows to maintain the maximum all-round visibility.

When you see the attention to safety detail on the exterior of the car the standards inside become easier to grasp.

Mercedes-Benz were the first to separate these standards into two areas which they call 'passive' and 'active' safety.

The former gives you the best possible

## IT WOULDN'T BE SO SAFE IF IT DIDN'T LOOK SO BEAUTIFUL

protection in the event of a collision and the latter gives the best possible help to avoid such a situation happening in the first place.

A keystone of passive safety is the rigid steel passenger cell that Mercedes-Benz perfected and patented in the 1950's.

This cell is integrated with crumple zones at the front and rear which decelerate the force of a collision.

The steering box is set well back from the front axle. As a result forward impacts are progressively slowed before they reach the steering column, which then collapses safely away from the driver.

Any features inside the car that might prove dangerous in the event of an accident

are padded, rounded, recessed or deformable.

As active safety involves making people better drivers every model we make has a diagonal swing axle, individual wheel suspension and a wide track to maximise its road holding.

It also has zero offset steering on the front wheels to stop unequal forces making the car difficult to handle under hard braking.

Not to be ignored are the high performance engines.

They have enough in hand to cope with those situations that can be overcome by rapid acceleration.

The examples here are only a handful from the countless safety elements that together make a Mercedes-Benz.

But it gives some insight into why Mercedes-Benz make the safest cars in the world.



Mercedes-Benz

CURRENCIES, MONEY and GOLD

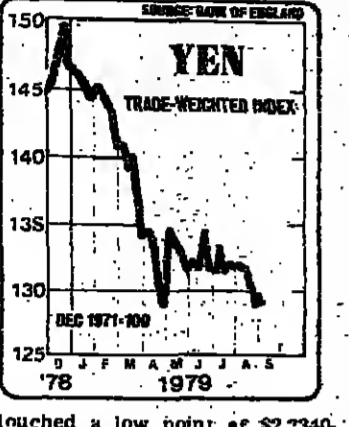
Sterling weak

STERLING LOST ground and probably received some support from the Bank of England yesterday. Fears grew of labour unrest following the mood of the Trades Union Congress, and this seemed to prompt selling out of the Far East, but pressure on the pound was not very heavy, and there was some natural demand at the lower level. Sterling opened at \$2.2385-2.2405, and

against the D-mark compared with DM 1.8282 previously. Trading was very quiet, with the U.S. currency moving within a very narrow range of DM 1.8245 to DM 1.8280 before the fixing, and there was no sign of intervention by the German central bank to open trading. The pound was quoted at \$2.2345 soon after the fixing, recovering somewhat on an opening level of around \$2.2385.

THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, % p.a., Three months, % p.a. Includes entries for U.S., Canada, New Zealand, Belgium, Denmark, Ireland, W. Ger., Portugal, Spain, Italy, Norway, Sweden, Japan, Austria, and Switz.



THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, % p.a., Three months, % p.a. Includes entries for UK, Ireland, Canada, Belgium, W. Ger., Spain, Italy, Norway, Sweden, Japan, Austria, and Switz.

inched a low point of \$2.2340-2.2350, where the authorities intervened, pushing the pound up to a best level of \$2.2405-2.2415 by lunch. It closed at \$2.2385-2.2395, a fall of 90 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, fell to 71.4 from 71.8 and stood at 71.4 at noon and in the morning.

MILAN — The dollar and members of the European Monetary System were slightly firmer against the lira, but sterling declined at the fixing. The dollar was fixed at L817.05, compared with L818.30 previously, and the D-mark rose to L447.89 from L447.40. The pound fell to L1.8288 from L1.8285. ZURICH — Sterling suffered from fears of industrial unrest in the U.K. following warnings from the Government from the Trades Union Congress meeting in Blackpool. With the pound falling sharply in early trading, the yen recovered the ground lost in Tokyo earlier, while the dollar was generally slightly weaker against most major currencies.

CURRENCY MOVEMENTS

Table showing currency movements for Sept. 4 with columns for Bank of Morgan, Index, and changes. Includes entries for Sterling, U.S. dollar, Canadian dollar, Austrian schilling, Danish krone, Deutsch mark, Swiss franc, French franc, Yen, and New Zealand dollar.

OTHER MARKETS

Table with columns: Sept 4, Sept 5, and Note Rates. Includes entries for Argentina Peso, Australia Dollar, Brazil Cruzeiro, Finland Markka, Czechoslovakia Koruna, Hong Kong Dollar, Iran Rial, Kuwait Dinar, Luxembourg Franc, Malaysia Dollar, New Zealand Dollar, Saudi Arab. Riyal, Singapore Dollar, and Sth. African Rand.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Amount, % change from previous day, and Divergence from % change. Includes entries for Belgium Franc, Danish Krone, German DM, French Franc, Dutch Guilder, Irish Punt, and Italian Lira.

EXCHANGE CROSS RATES

Table with columns: Sept 4, Pounds Sterling, U.S. Dollar, Deutsch Mark, Japan's Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgium Franc. Includes entries for U.S. Dollar, Deutsch Mark, Japanese Yen, French Franc, Dutch Guilder, Italian Lira, Canadian Dollar, and Belgian Franc.

EURO-CURRENCY INTEREST RATES

Table with columns: Sept 3, Sept 4, and Interest Rates. Includes entries for short term, 3 months, 6 months, and one year for Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, West German Mark, French Franc, Italian Lira, and Japanese Yen.

INTERNATIONAL MONEY MARKET

Singapore rates higher Prime lending rates continued the recent upward spiral in Singapore yesterday. Development Bank of Singapore became the first of the big four banks to raise its prime rate to 8 1/2 per cent. Interest paid on fixed deposits has also been increased by 1 per cent to 11 1/2 per cent, compared with 10 3/4 per cent. Three-month deposits rose to 7 1/2 per cent, compared with 7 per cent, and 12-month to 7 per cent. Interest on savings deposits goes up by a similar amount to 7 per cent. At the beginning of last week the four major Singapore banks, which apart from Development Bank are Overseas Union Bank, United Overseas Bank and Overseas Chinese Banking Corporation, raised their prime rates to 8 1/2 per cent. Many banks made similar moves at the same time, while others increased their rates this Monday to between 8 1/2 per cent and 9 1/2 per cent.

Record level

Gold continued to rise in the London bullion market yesterday, but trading was patchy and generally not as active as Monday. The metal opened at \$324-324 1/2, which was a new record for the metal. Gold continued to rise in the London bullion market yesterday, but trading was patchy and generally not as active as Monday. The metal opened at \$324-324 1/2, which was a new record for the metal.

Full credit supply

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979) Day-to-day credit was in good supply once again in the London market yesterday, underlining an early assessment of the week that the only difficult day may be Thursday when there is a drain of \$83m due to the call of \$411 on 11 1/2 per cent Treasury 2003/7. The authorities absorbed surplus funds by selling a moderate amount of Treasury bills to the discount houses. Banks brought forward moderate surplus balances, which outweighed a small net take-up of Treasury bills. Discount houses paid 13 1/2 per cent for secured call loans in the early part, and closing balances were taken at 11 1/2 per cent. Rates in the table below are nominal in some cases.

FRANKFURT — Conditions were reversed from the previous day, with call money firmer and fixed period rates declining. Call money rose to 7.25-7.50 per cent from 7.00-7.25 per cent. One-month was quoted at 7.20-7.50 per cent, compared with 7.30-7.40 per cent, while three-month fell to 7.30-7.50 per cent from 7.50 per cent; six-month to 7.50-7.80 per cent from 7.50-7.80 per cent; and 12-month to 7.60-7.90 per cent from 7.85-8.05 per cent. AMSTERDAM — Call money was quoted at 9 1/2 per cent, compared with 9 1/2 per cent previously. One-month was 9 1/2 per cent, compared with 9 1/2 per cent, while three-month rose to 9 1/2 per cent from 9 1/2 per cent. Six-month was 9 1/2 per cent. HONG KONG — The money market was easy, with call money at 8 1/2 per cent, and overnight at 5 1/2 per cent. Six-month was 9 1/2 per cent, compared with 9 1/2 per cent.

LONDON MONEY RATES

Table with columns: Sept 4, Sept 5, and Interest Rates. Includes entries for overnight, 2 days, 7 days, one month, three months, six months, nine months, and one year for Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, West German Mark, French Franc, Italian Lira, and Japanese Yen.

NEW YORK MONEY RATES

Table with columns: Sept 4, Sept 5, and Interest Rates. Includes entries for prime rate, Fed funds, Treasury bills (13-week, 26-week, 52-week), and Government securities.

Some of Europe's most enterprising young international bankers work for America's oldest bank.

Like all First Pennsylvania Bankers, Len Caldwell knows that the race belongs to the swift. Responsiveness has been a First Pennsylvania Bank tradition for nearly two centuries. We are the largest commercial bank in Philadelphia and have flourished longer than any other United States bank because we remain alive to challenge and alert to opportunity. Now you can put our responsiveness (and enterprising people like Len Caldwell) to work for you, solving your international banking problems. Call us. We're represented worldwide. And we'll answer quickly.



Advertisement for Saudia Saudi Arabian Airlines. Includes a map of the airline's routes between cities like Riyadh, Jeddah, Dhahran, and others. Text promotes 'Airport Country' and the convenience of Saudia flights connecting Saudi Arabia to other international destinations.

WORLD STOCK MARKETS

Early Wall St. reaction to economic concern

INVESTMENT DOLLAR PREMIUM Effective \$2.2390 112% (112%) STOCKS ON Wall Street were inclined to pull back in fairly active trading yesterday morning amid concern about the economy, rising interest rates and soaring gold prices.

before settling back later this year. Gold was at a new record price in London. Closing Glass lost 1 1/2 to 862 1/2. Prices of gold and silver were steady but gold prices were up 1 1/2 to 862 1/2.

Oil prices were weak. Recently strong Nymex Oil and Gas, which last week denied merger rumours, fell 2 1/2 to \$38 1/2. Nippon Oil lost 1/2 to \$21 1/2 and Bow Valley 1/2 to \$28 1/2.

initially, but came back to finish mixed as buying spent its force, while leaders and popular favourites narrowed in the absence of fresh factors. Nippon Oil lost 1/2 to \$21 1/2 and Bow Valley 1/2 to \$28 1/2.

and Rabbits closed mixed, while Metals and the Metals and Minerals sub-group relinquished 15.16 to 3,509.71. Brokers commented that the morning downturn was expected, but indications are that the market is set to rise further.

Market leader BHP receded to AS10.00 before recovering in late trading to close at AS10.20, up 2 cents on the day. CSR, also earlier 21st, closed a net 5 cents higher at AS4.20.

fatigue and just after both the Dow Jones Industrial Average and the New York Stock Exchange Composite Index had set new 1979 highs last Friday. U.S. markets were closed yesterday for the Labor Day holiday.

The D.J. Industrial Average retraced 27 1/2 to 801.58 at 1 pm, while the NYSE Composite index receded 4 1/2 cents to 861.96 and declines led gains by a nine-to-four margin.

Money market analysts were predicting that the Prime Rate, currently at a record 12 1/2 per cent, would reach new highs

in the near future. The Prime Rate, currently at a record 12 1/2 per cent, would reach new highs in the near future.

Germany Share prices made further good progress in lively early dealings when both domestic institutional and foreign investor buying was observed.

Hong Kong Shares showed a firming tendency in moderate trading, with the Hang Seng index gaining 2.33 to 582.53.

NEW YORK

Table of stock prices for New York market, including columns for Stock, Aug. 31, and Aug. 29.

STOCK

Table of stock prices for various international markets, including columns for Stock, Aug. 31, and Aug. 29.

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Table of stock prices for various international markets, including columns for Stock, Aug. 31, and Aug. 29.

Indices

Table of stock indices for New York, Dow Jones, and Standard and Poors, including columns for Index, Aug. 31, and Aug. 29.

STANDARD AND POORS

Table of Standard and Poors indices, including columns for Index, Aug. 31, and Aug. 29.

MONTEREAL

Table of Montreal stock indices, including columns for Index, Aug. 31, and Aug. 29.

JOHANNESBURG

Table of Johannesburg stock indices, including columns for Index, Aug. 31, and Aug. 29.

FRIDAY'S ACTIVE STOCKS

Table of active stocks on Friday, including columns for Stock, Price, and Change.

BASE LENDING RATES

Table of base lending rates for various banks and institutions, including columns for Bank, Rate, and Term.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data, including columns for Series, Val., and Last.

BRUSSELS/LUXEMBOURG

Table of Brussels/Luxembourg stock prices, including columns for Stock, Price, and Div. Yld.

AMSTERDAM

Table of Amsterdam stock prices, including columns for Stock, Price, and Div. Yld.

COPENHAGEN

Table of Copenhagen stock prices, including columns for Stock, Price, and Div. Yld.

GERMANY

Table of German stock prices, including columns for Stock, Price, and Div. Yld.

TOKYO

Table of Tokyo stock prices, including columns for Stock, Price, and Div. Yld.

AUSTRALIA

Table of Australian stock prices, including columns for Stock, Price, and Div. Yld.

STOCKHOLM

Table of Stockholm stock prices, including columns for Stock, Price, and Div. Yld.

OSLO

Table of Oslo stock prices, including columns for Stock, Price, and Div. Yld.

JOHANNESBURG

Table of Johannesburg stock prices, including columns for Stock, Price, and Div. Yld.

PARIS

Table of Paris stock prices, including columns for Stock, Price, and Div. Yld.

SWITZERLAND

Table of Swiss stock prices, including columns for Stock, Price, and Div. Yld.

Financial Rand U.S. \$0.891 (Discount of 25%)

Various small text fragments and advertisements at the bottom of the page.



Companies and Markets

Farmland surge continuing

By Our Commodities Staff

A CONTINUING rise in farm land prices is indicated by latest figures published by the Ministry of Agriculture. Prices for sales of land with vacant possession in May, June and July averaged £4,384 a hectare compared with £4,258 in the three months to June, according to data collected by the Agricultural Development and Advisory Service and the Agricultural Mortgage Corporation.

But the land price index, which is weighted to take account of the size and geographical location of the land changing hands, fell to 229 from 231 (1973=100), the Ministry said.

Land prices have risen steadily so far this year but the rise has not been as sharp as last year's. The latest price is 10.6 per cent above the November/January average whereas by July last year, the price had reached 17.8 per cent.

The total area of land changing hands in the May/July period is provisionally estimated at 14,500 hectares, compared with 10,500 hectares in April/June. This is the highest total since September/November last year.

Ghana tackles cocoa disease

ACCRA—The Ghana Armed Forces Revolutionary Council has begun the mass destruction of cocoa trees affected by swollen-shoot disease and a pest-control programme covering 200,000 acres in east Ghana, the Ghana news agency said here.

About 5m trees will be destroyed but farmers will be compensated for the losses and the disease rampant until the trees begin to bear fruit.

Wool demand

SYDNEY—Good demand was reported at Australia's Goulburn wool sale yesterday. Of 13,527 bales with 93.5 offer (3.3 per cent) was bought by the 10.5 per cent was passed in the 1.5 per cent was taken by the Australian Wool Corporation, the official said.

BRITISH COMMODITY MARKETS

Table with columns for various commodities like Copper, Tin, Zinc, Lead, and their prices in London.

Table with columns for various commodities like Wheat, Barley, and their prices in London.

Table with columns for various commodities like Corn, Beans, and their prices in London.

Brazil coffee prices lifted

BY OUR COMMODITIES STAFF

BRAZIL HAS opened export registrations for November coffee shipments at prices 5 cents a lb higher than for October.

The Brazilian Coffee Institute (IBC) has set the November minimum price for top grade coffee at \$2.05 a lb while keeping the October shipments minimum at \$2.00 a lb. The contribution quota or export tax is maintained at \$137 per 60 kilo bag.

London dealers said the November price was in line with expectations and had little impact on market sentiment.

At the same time, the IBC has reintroduced an export incentive of \$10 a bag for exports of washed coffee registered between October 1 and November 30. This will be payable to the exporter in credit notes after the shipment has taken place.

World sugar values lose early gains

BY OUR COMMODITIES STAFF

WORLD SUGAR values lost early gains on the London market yesterday when the New York market re-opened after the Labour Day holiday on a lower note than expected. The December position on the London market closed \$1.20 down at \$117.45 a tonne, after trading at \$120 earlier in the day.

The market was dominated by fears about how badly hurricane David had affected the sugar crop in the Dominican Republic. Traders expressed some doubts about reports that 60 per cent of the Dominican crop had been destroyed simply on the basis that it was too early at this stage to make an accurate estimate.

Nevertheless, there is considerable nervousness since the Republic is an important world sugar exporter. It produces some 1.25m tonnes annually and has export quota entitlements of over 1m tonnes. Although this year's crop harvested in May-June should be fairly safe unless the hurricane could well have hit the forthcoming 1979-1980 crop.

Meanwhile, Reuter reported

Late sales hit metal markets

By Our Commodities Editor

COPPER PRICES rose on the London Metal Exchange yesterday to the highest level since May in early trading, but subsequently closed only marginally up as profit-taking sales in the afternoon wiped out most of the early gains.

Cash wirebars reached \$59 at one stage widening its premium over the three month quotation to reflect the tightening supply position.

However, when the New York market opened lower than expected after the Labour Day holiday, values slipped back and cash wirebars closed only \$1.25 up at \$57.75 a tonne. The three month quotation also lost ground but still ended \$5 higher at \$93.5.

Copper followed the trend in silver, which reached a new high in the morning of \$16.50 a lb. The spot quotation climbed by 4.7p to an all-time peak of \$49.2 an ounce. The rise was encouraged by the weaker trend in sterling, but profit-taking sales were unleashed in later trading when the New York market failed to hold early gains.

Tin prices lost ground, but other metals were generally higher. Lead was boosted by reports that a European smelter output was being reduced by a shortage of concentrates.

Philippines coconut oil reform planned

MANILA—President Marcos of the Philippines has issued a letter of instruction ordering the creation of a corporation to pool and coordinate the resources of coconut farmers and oil millers in the buying, milling and marketing of coconuts and its by-products.

The measure will ensure oil millers have enough coconuts to mill and farmers receive their share of profits. The Corporation will be owned by coconut farmers.

The measure will stabilise the supply and prices of coconut oil and make it more competitive with other oils and fats in the world market, the President said.

Trade sources here said the coconut oil milling industry is in financial difficulty because of overcapacity at existing mills and the poor competitive position of Philippine coconuts.

POTATOES AND SUGAR BEET

BY DAVID RICHARDSON

THERE WAS never much hope of British sugar beet and potatoes breaking any yield records this year. To do well, root crops need moderately dry soil conditions at planting and regular rains through the summer. This year the order seemed to be reversed, with frequent heavy rains in spring creating problems and delays to planting, and a long dry spell during the summer which retarded growth.

Maincrop potatoes, the first of which are currently being lifted, and predictably producing disappointing yields. Twelve tonnes per acre seems to be about the norm in East Anglia for un-irrigated crops, but there is considerable variation between varieties.

On this farm, for instance, we have one field in which two different crop varieties were planted—Wilja and Pentland Crown. The Wilja, a Dutch, quality potato, died off in the drought some weeks ago and we are at present lifting a lot of small scabby tubers from that part of the field. Both size and skin quality have been affected by lack of moisture.

But the Pentland Crown are still green and healthy, and although a test dig has revealed only a marginally better yield than from the Wilja at this stage, the crop is still growing and could bulk up over the next few weeks. Pentland Crown is not considered to be a quality variety.

Overall yield for the UK crop is difficult to define this early in the season but on the basis of their own experience of lifts so far, field staff of the big Suffolk-based potato co-operative, Anglian Produce, have put

the potential at between 25.5 and 30.9 tonnes per hectare. Averaged over the whole crop this would mean a national yield of between 5.8m and 6m tonnes.

Consumption of potatoes has been predicted by a number of expert agencies, including the Potato Marketing Board, at around 6.1m tonnes over the coming year. This is slightly up on immediate past seasons and assumes a continuation of the recovery in potato sales following the notorious drought years.

If those estimates are reasonably accurate, and I believe they are, there will be a small deficit of home grown potatoes this year.

Meanwhile, as usually happens at lifting time, there is a temporary surplus as farmers with too little storage capacity or too large an acreage put their potatoes on the market.

Potatoes, as farm to bags, have fallen over the past few weeks from £50 last week—fluctuating with the weather. Hot sunshine enables farmers to set on with the cereal harvest so they tend to neglect potatoes, and market supplies run short. Rain, as long as it is not too heavy, means man can be set back to the spuds.

But in view of the short crop there appears to be no reason why prices should drop much further, even at peak lifting time, in which case the Government guaranteed price of £43.94 per tonne will be of only academic interest.

Any shortfall in home supplies can almost certainly be made up by the Dutch who, unlike almost every other EEC country this year, increased their acreage of

potatoes. Indeed, as was reported last week, some consignments have already been imported. The lifting of the ban on maincrop imports into Britain, following a ruling by the European Court of Justice in April, means any amount can be brought in.

Shipping costs across the North Sea, which in some cases are over £30 per tonne, will almost certainly limit the quantity sent from Holland. The Dutch will want to see a port price of at least £60 per tonne to make their trade worthwhile and are, therefore, unlikely to seriously undercut UK growers.

The size of the UK sugar beet crop officially remains a secret. In spite of conducting weekly tests of root weights and near percentages in all the growing areas since early August, the British Sugar Corporation is coy about the crop it expects.

This seems all the more strange since estimates of potential yield have been published and freely circulated by practically every other beet growing country.

My own assessment, encouraged by unofficial hints from usually reliable sources, is that this year's crop will produce a little less sugar per acre than last year. So, although the area planted has risen by almost 4 per cent from 208,500 hectares in 1978 to 216,000 hectares this year, the sugar produced from it will probably be about the same as 1.02m tonnes.

It should be remembered, though, that the bulk of the crop has at least another six weeks to grow, and that most fields are still healthy. Given a good autumn with sunshine and rain once a week a higher yield

than I have suggested is possible, perhaps up to the UK's "A" quota of 1.04m tonnes.

Progress in the negotiations on the level of EEC sugar quotas for the next five years, which are due to come into operation in January next year, is very slow indeed.

Lately rumours suggest that some countries are planning to liberally, and do not want to settle until well into next year, by which time their growers' crops will already be planted, which they hope will give them a stronger hand.

In the UK, farmers have been warned they may have to accept a cut in the price of beet in 1980. Part of the gross price growers receive is an allowance for the value of the main by-product—beet pulp, which is sold for stock feed. For the last three years this has been 22.84 per tonne of beet supplied.

But British Sugar now claims that the rise in the price of beet needed to dry the pulp makes this unrealistic and an attempt to reduce this allowance by £1.40 per tonne to take effect from the 1980 crop.

Negotiations on next year's contract with British Sugar and the NFU are reported to be deadlocked although it is understood that NFU representatives have already indicated that some reduction is justified.

Meanwhile, it is ironic to note that the problem most put forward by growers is that the price of beet is too low to allow them to cover the cost of production and pay them at least a living wage.

Lines of production in July, groundnuts and millets is estimated at over Rs 25m.

In northern Uttar Pradesh state, with 11 of the state's 56 districts affected by an unprecedented dry spell, damage in the winter crop is estimated at Rs 6bn, they added.

Indian drought loss estimated

NEW DELHI—The production loss of the winter crop in drought-stricken Eastern Orissa state is estimated at over 3m tonnes, valued at Rs 3.5m (£200m), officials said here yesterday.

Loss of production in July, groundnuts and millets is estimated at over Rs 25m.

In northern Uttar Pradesh state, with 11 of the state's 56 districts affected by an unprecedented dry spell, damage in the winter crop is estimated at Rs 6bn, they added.

Reuter

Brazilian meat prices soar

BY DIANA SMITH IN BRASILIA

RECENT INCREASES in Brazilian meat prices have taken the total rise over the past 20 months to 300 per cent, and have put them even further beyond the reach of the rest of the country's 40m lower wage earners.

With the grade beef now costing £1.85 a kilo and second grade £1.33, these people, who live on scrape by on incomes of less than £400 a year for a family of four, have to make do with rice, beans and cassava.

The soaring price of beef has been largely due to the distorted, highly speculative pattern of the country's agricultural sector in recent years.

In an attempt to encourage greater production on small and medium-sized farms the former government granted agricultural loans at negative interest rates.

But large and prosperous concerns absorbed 80 per cent of these investment credits. Repeated accusations have been made that meat packers,

availing themselves of inexpensive money, slaughtered herds then hoarded carcasses, releasing carcasses in small quantities as shortages accumulated and prices soared.

The new Government, headed by President Collor Figueiredo, is trying to do itself to curb urban inflation by introducing medium-scale agriculture, fair minimum guaranteed prices and cheaper food for the country's poor, has repeatedly threatened to prosecute hoarders and price speculators—but so far, no action has been taken.

PRICE CHANGES

Table showing price changes for various commodities like Soyabean Meal, Sugar, and others.

AMERICAN MARKETS

Table showing American market prices for various commodities like Wheat, Corn, and others.

PHYSICAL CLOSING PRICES (BUYER) WERE:

Table showing physical closing prices for various commodities like Soyabean Meal, Sugar, and others.

SOYABEAN MEAL

Table showing soyabean meal prices for various grades and origins.

SUGAR

Table showing sugar prices for various grades and origins.

GRAINS

Table showing grain prices for various types like Wheat, Barley, and Corn.

WHEAT

Table showing wheat prices for various grades and origins.

COTTON

Table showing cotton prices for various grades and origins.

WOOL FUTURES

Table showing wool futures prices for various grades and origins.

MEAT/VEGETABLES

Table showing meat and vegetable prices for various types.

EUROPEAN MARKETS

Table showing European market prices for various commodities like Wheat, Corn, and others.

INDICES

Table showing various indices like Financial Times, Dow Jones, and others.

MOODY'S

Table showing Moody's credit ratings for various companies.

REUTERS

Table showing Reuters market data for various commodities.

A FINANCIAL TIMES SURVEY

SUGAR OCTOBER 9 1979

The Financial Times is planning to publish a Survey on Sugar. The provisional editorial synopsis is set out below. Editorial coverage will include:

DEMAND PRODUCTION UK MARKETS INTERNATIONAL SUGAR AGREEMENT

For further information and details of advertising rates, please contact: John Wisbey, Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF, Telephone: 01-248 5161/5115, Telex: 885033 FININT G

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Companies and Markets

LONDON STOCK EXCHANGE

Confidence improves and latent strength of equities emerges to leave index 5.6 up at 468.6—Gilts better

Account Dealing Dates

First Declared Last Account Dealing Date... Aug. 13 Aug. 23 Aug. 24 Sep. 3 Aug. 28 Sep. 6 Sep. 7 Sep. 17 Sep. 10 Sep. 20 Sep. 21 Oct. 1

The expected TUC onslaught on Government policies, widespread support for the two-day strike in the engineering industry and a set of banking figures which remained quiet...

Leading equities and Gilts edged securities displayed an unexpected firmness which led to gains of several pence in first-line shares and to improvements extending to 2 1/2 among medium-dated Gilts.

Values were thus quick to respond yesterday, although the time in both industries and the funds turned cautious immediately after news of the latest sharp rise in clearing bank eligible liabilities...

Banks below best Bear-covering ahead of the latest banking statistics sided the

recovery in British Funds. Business, markedly more active in the first hour or so, tended to fade from midday onwards but prices closed virtually at the day's best.

Reflecting the easier pound, rates for investment currency were initially higher, but sellers were attracted and the premium reacted to 2 1/2 per cent before improving once again on institutional demand to close 3 1/2 net 1/2 up at 2 1/2 per cent.

Activity in Traded options sunk to meagre proportions, an only 183 contracts were completed compared with Monday's 388.

Early small buying of the major clearing banks led to improvements to 7 before publication of the latest bank lending figures prompted a downward drift which left prices below the best.

Insurances made progress throughout the day, ahead of interim statements today. GSE

following the interim statement, James Beattie A. at 16 1/2p, retrieved 4 of the previous day's fall of 10 while Excelsior Jewellery hardened a penny to 19 1/2p in response to the sharp increase in annual profits.

EMIL, a depressed market of late in the absence of developments in the Gulf and West Africa, was held at 4 1/2p and settled a net 2 1/2 up at 6 1/2p, following news of further sales of scanner equipment.

Shrugging aside the escalating labour troubles within the industry, the Engineering leaders moved higher with the general trend. Tubes led the rally with a rise of 6 to 32 1/2p, while John Brown, 39 1/2p, GKN, 27 1/2p, and Hawker, 18 1/2p, all closed 4 higher.

Stores better Firmer conditions returned to leading Stores after recent weakness created by Marks and Spencer's price-cutting move.

Stock storage prompted a gain of 2 1/2 in 12 1/2p in Hydro Hotel Eastbourne, Grand Metropolitan 4 1/2p to 14 1/2p and Trusthouse Forte added 4 to 14 1/2p.

An initial small selective interest in the miscellaneous industrial leaders was sufficient to leave improvements of up to 7 by the close.

Unilever added 8 to 5 1/2p and Glaxo gained 5 to 4 1/2p. Demand ahead of next Tuesday's interim results helped Reckitt and Colman rise 4 to 22 1/2p, while Pilkington firmed 3 to 31 1/2p and Boots hardened 2 to 19 1/2p.

Continuing strength in the billon price—yesterday it touched an all-time peak of \$225.375 an ounce before closing \$225.25 in 10 September.

Properties made progress on renewed investment buying. Land Securities firmed 5 to 39 1/2p and MEPC hardened 2 to 19 1/2p.

Oil quiet Properties made progress on renewed investment buying. Land Securities firmed 5 to 39 1/2p and MEPC hardened 2 to 19 1/2p.

valued in the Oil sector. British Petroleum rose 15 to 1160p sweating tomorrow's interim figures, while Shell hardened 2 to 330p.

Shipments attracted a useful level of business and Furness Withy, 25 1/2p, Loos, 38 1/2p, and P and O, 10 1/2p, all recorded rises of around 3, the last-mentioned reports mid-term results today.

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FINANCIAL TIMES STOCK INDICES Table with columns for Sept 3, Sept 4, Sept 5, and Year Ago. Includes Government Securities, Fixed Interest, Industrial, Gold Mines, etc.

HIGHS AND LOWS Table with columns for High, Low, and S.E. ACTIVITY. Includes Govt. Secs, Fixed Int., Ind. Mtd., Gold Mines, etc.

higher at 470p and Meselina 4 1/2p at 96p. Minor rose 2 to 17 1/2p; the preliminary results are expected tomorrow.

ACTIVE STOCKS Table with columns for Stock, Denominations, Closing Price, Change, 1979, 1978. Includes Aran Energy, ICI, European Ferries, etc.

OPTIONS Table with columns for DEALING DATES, First Deal, Last Deal, etc. Includes P and O, Waterford Glass, Edinburgh and General, etc.

LONDON TRADED OPTIONS Table with columns for Option, Expiry, Closing Price, Vol., etc. Includes SP, Com. Union, Cons. Gold, etc.

Stores better Firmer conditions returned to leading Stores after recent weakness created by Marks and Spencer's price-cutting move.

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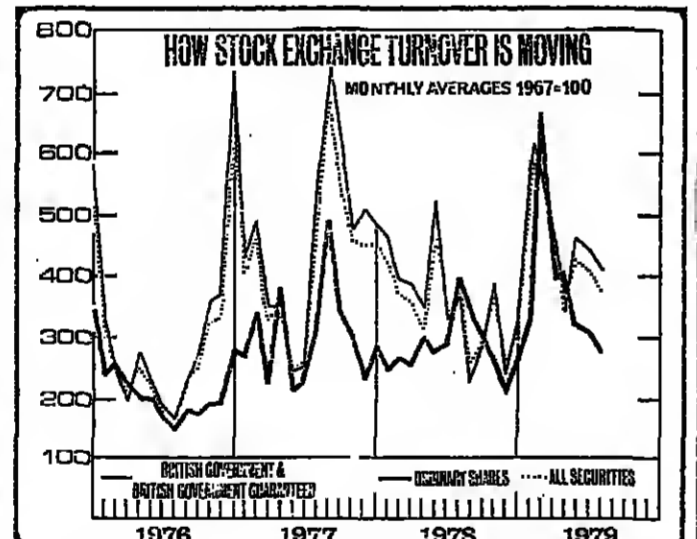
Stores better Firmer conditions returned to leading Stores after recent weakness created by Marks and Spencer's price-cutting move.

STOCK EXCHANGE BUSINESS LAST MONTH

Turnover contracts further

BY GEOFFREY FOSTER

Stock Exchange turnover contracted in all sectors in the traditionally quiet holiday month of August, reflecting continuing uncertainty over the economic and industrial outlook.



Business in gilt-edged securities was down by £0.6bn to £9.7bn. Interest in the medium- and longer-dated stocks showed a particular deterioration with trade down £1.4bn to £4.3bn.

per bargain was £251 lower at £5.57. The FT turnover index for ordinary shares rose to 373.9 from 304.4 in July and compares unfavourably with last year's monthly average of 285.7.

From an end-July level of 54.2, the FT Industrial ordinary share index improved to 57.7 on August 1 before closing the month a net 11.3 points up at 465.5.

NEW HIGHS AND LOWS FOR 1979

Table listing NEW HIGHS (38) and NEW LOWS (9) for various stocks in 1979.

RISES AND FALLS YESTERDAY

Table showing RISES AND FALLS YESTERDAY for various stock categories like British Funds, Foreign Bonds, etc.

RECENT ISSUES

Table listing RECENT ISSUES for various companies like Arrow Chemicals, Barloworld, etc.

FIXED INTEREST STOCKS

Table listing FIXED INTEREST STOCKS with columns for Issue Price, Latest Rating, etc.

"RIGHTS" OFFERS

Table listing "RIGHTS" OFFERS for various companies like Abwood Machine Tools, Bank & Commercial, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table showing FT-ACTUARIES SHARE INDICES for EQUITY GROUPS & SUB-SECTIONS and FIXED INTEREST YIELDS. Includes columns for Index No., Day's Change, etc.

Table showing Value of all purchases and sales, Number of bargains, Average value per day, etc. for various categories like British Govt. and British Govt. Guaranteed, etc.

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AUTHORISED UNIT TRUSTS

Table listing various authorised unit trusts with columns for name, manager, and other details.

Mutual Unit Trust Managers (a/g)

Table listing mutual unit trust managers and their respective funds.

Ridgeway Management Ltd.

Table listing funds managed by Ridgeway Management Ltd.

OFFSHORE & O'SEAS FUNDS

Table listing offshore and overseas funds with columns for name, manager, and details.

INSURANCE & PROPERTY BONDS

Table listing insurance and property bonds.

Table listing insurance and property bonds (continued).

Table listing insurance and property bonds (continued).

NOTES: Information regarding the accuracy and liability of the data provided.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo American, Anglo Irish, Anglo Overseas, Anglo Pacific, Anglo Resources, Anglo Services, Anglo Stores, Anglo Textiles, Anglo Transport, Anglo Utilities, Anglo Ventures, Anglo World, Anglo World Services, Anglo World Trade, Anglo World Travel, Anglo World Transport, Anglo World Utilities, Anglo World Ventures, Anglo World Services, Anglo World Trade, Anglo World Travel, Anglo World Transport, Anglo World Utilities, Anglo World Ventures.

INSURANCE—Continued

Table of insurance stocks including companies like Anglo Life, Anglo Assurance, Anglo Insurance, Anglo Life Assurance, Anglo Life Insurance, Anglo Life Services, Anglo Life Stores, Anglo Life Textiles, Anglo Life Transport, Anglo Life Utilities, Anglo Life Ventures, Anglo Life Services, Anglo Life Trade, Anglo Life Travel, Anglo Life Transport, Anglo Life Utilities, Anglo Life Ventures.

PROPERTY—Continued

Table of property stocks including companies like Anglo Property, Anglo Real Estate, Anglo Property Services, Anglo Property Stores, Anglo Property Textiles, Anglo Property Transport, Anglo Property Utilities, Anglo Property Ventures, Anglo Property Services, Anglo Property Trade, Anglo Property Travel, Anglo Property Transport, Anglo Property Utilities, Anglo Property Ventures.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Anglo Investment, Anglo Trust, Anglo Investment Services, Anglo Investment Stores, Anglo Investment Textiles, Anglo Investment Transport, Anglo Investment Utilities, Anglo Investment Ventures, Anglo Investment Services, Anglo Investment Trade, Anglo Investment Travel, Anglo Investment Transport, Anglo Investment Utilities, Anglo Investment Ventures.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like Anglo Finance, Anglo Land, Anglo Finance Services, Anglo Finance Stores, Anglo Finance Textiles, Anglo Finance Transport, Anglo Finance Utilities, Anglo Finance Ventures, Anglo Finance Services, Anglo Finance Trade, Anglo Finance Travel, Anglo Finance Transport, Anglo Finance Utilities, Anglo Finance Ventures.

International Financier DAIWA SECURITIES logo and header.

MINES—Continued AUSTRALIAN

Table of Australian mining stocks including companies like Anglo Mines, Anglo Resources, Anglo Minerals, Anglo Metals, Anglo Minerals Services, Anglo Minerals Stores, Anglo Minerals Textiles, Anglo Minerals Transport, Anglo Minerals Utilities, Anglo Minerals Ventures.

TINS

Table of tin stocks including companies like Anglo Tin, Anglo Tin Services, Anglo Tin Stores, Anglo Tin Textiles, Anglo Tin Transport, Anglo Tin Utilities, Anglo Tin Ventures.

COPPER

Table of copper stocks including companies like Anglo Copper, Anglo Copper Services, Anglo Copper Stores, Anglo Copper Textiles, Anglo Copper Transport, Anglo Copper Utilities, Anglo Copper Ventures.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo Miscellaneous, Anglo Miscellaneous Services, Anglo Miscellaneous Stores, Anglo Miscellaneous Textiles, Anglo Miscellaneous Transport, Anglo Miscellaneous Utilities, Anglo Miscellaneous Ventures.

GOLDS EX-PREMIUM

Table of gold ex-premium stocks including companies like Anglo Gold, Anglo Gold Services, Anglo Gold Stores, Anglo Gold Textiles, Anglo Gold Transport, Anglo Gold Utilities, Anglo Gold Ventures.

NOTES

Notes section containing various financial notices and updates regarding stock prices and market conditions.

INDUSTRIALS—Continued

Continuation of industrial stocks table.

INSURANCE

Continuation of insurance stocks table.

PROPERTY

Continuation of property stocks table.

TRUSTS, FINANCE, LAND

Continuation of trusts, finance, and land stocks table.

FINANCE

Continuation of finance stocks table.

REGIONAL MARKETS

Table of regional markets including various international stock indices and regional performance.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo Diamonds, Anglo Platinum, Anglo Diamonds Services, Anglo Platinum Services.

CENTRAL AFRICAN

Table of Central African stocks including companies like Anglo Africa, Anglo Africa Services, Anglo Africa Stores, Anglo Africa Textiles, Anglo Africa Transport, Anglo Africa Utilities, Anglo Africa Ventures.

